



Daily Report

China

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1 April 1993

Daily Report

China

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General

Foreign Ministry Holds Weekly News Briefing

Japanese Official To Visit

OW3103152993 Beijing XINHUA in English 1343
GMT 31 Mar 93

[Text] Tokyo, March 31 (XINHUA)—A senior Japanese official will visit China next week to solicit its views on the Tokyo summit of the Group of Seven (G-7) major industrial nations, a Foreign Ministry spokesman said here today.

The official told reporters that Deputy Foreign Minister Koichi Matsuura will probably hold talks with Chinese Foreign Minister Qian Qichen in Beijing early next week.

Leaders of the G-7, which groups Britain, Canada, France, Germany, Italy, Japan and the United States, are scheduled to meet in early July in Tokyo.

The Japanese official said that Matsuura is also likely to visit the Republic of Korea.

Qatar Minister To Visit

OW0104092293 Beijing XINHUA in English 0913
GMT 1 Apr 93

[Text] Beijing, April 1 (XINHUA)—Hamad Bin-Jasim Bin-Jabbur Al Thani, minister of foreign affairs of the State of Qatar, will pay an official visit to China from April 8 to 12 at the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen, announced a Chinese Foreign Ministry spokesman here today.

Zambian Minister To Visit

OW0104092793 Beijing XINHUA in English 0917
GMT 1 Apr 93

[Text] Beijing, April 1 (XINHUA)—Vernon Mwaanga, minister of foreign affairs of the Republic of Zambia, will visit China from April 9 to 14 at the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen.

This was announced here today by a Chinese Foreign Ministry spokesman.

UN Assembly Head To Visit

OW0104094493 Beijing XINHUA in English 0932
GMT 1 Apr 93

[Text] Beijing, April 1 (XINHUA)—Stoyan Ganev, president of the 47th session of the UN General Assembly, and his party will visit China from April 5 to 10 at the invitation of the Chinese Foreign Ministry.

A Chinese Foreign Ministry spokesman made the announcement here today.

Envoy to UN Explains Abstention on Bosnia Vote

OW0104033193 Beijing XINHUA in English 2309
GMT 31 Mar 93

[Text] United Nations, March 31 (XINHUA)—The U.N. Security Council decided today to authorize member states or regional organizations to "take all necessary measures" to enforce the ban on military flights over Bosnia and Hercegovina established by Council Resolution 781 adopted last October.

The authorization would take effect seven days from today, the resolution said.

The new Council resolution was adopted by 14 votes in favor and nil vote against. China abstained.

The resolution came amid reports that at least 465 violations of the ban had been observed since the beginning of the monitoring operations in early December 1992.

Another report said three aircraft bombed two villages in eastern Bosnia on March 13 "before leaving in the direction of the Federal Republic of Yugoslavia."

Today's resolution cited Chapter VII of the U.N. Charter, which says that the Security Council may take military action "to maintain or restore international peace and security."

It also requested member states concerned, the secretary-general and U.N. Protection Force (UNPROFOR) to coordinate closely on the measures they are taking to implement the resolution and on the starting date of each implementation, which should be no later than seven days from today, and to report the date to the Council.

Other requests in the resolution included:

- UNPROFOR should continue to monitor compliance with the ban and all parties concerned should urgently cooperate with UNPROFOR in making arrangements for the close monitoring of authorized humanitarian flights and improving the notification procedures.
- Member states should inform the secretary-general immediately of any actions they take in exercise of the authority conferred by the resolution.

Observers here believed that the new resolution was intended to exert pressure on the Bosnian Serbs, who refused to sign part of the U.N.-sponsored peace plan for Bosnia and Hercegovina after the Muslim and Croat sides put their signatures on the papers on March 25.

Before and after voting on the resolution, Council members explained their positions.

Chen Jian, acting permanent representative of China to the U.N., said China was not opposed to the establishment of a no-flight zone in Bosnia and Hercegovina with the consent of the parties concerned.

"However," he said, "we have reservations on the invocation of Chapter VII which authorizes countries to use force in the implementation of the no-flight zone."

He also said that the Chinese delegation was deeply concerned with the development of the situation in Bosnia and Hercegovina and strongly wished that the parties concerned will immediately cease hostilities, effect genuine cease-fire and seek an early agreement on the settlement plan.

'Commentary' on DPRK Lifting 'Semi-War' State
SK3103122693 Beijing China Radio International in Korean 1100 GMT 27 Mar 93

[Station commentary: "The End of Korea's Semi-War State"]

[Text] On 24 March, with the end of the ROK-U.S. Team Spirit joint military exercise, Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], ordered the lifting of the state of semi-war, in effect since 8 March, for the entire country, the entire Army, and all of the people. Thus, the tense atmosphere that had been created on the Korean peninsula was alleviated to some extent.

The ROK-U.S. Team Spirit joint military exercise has been held each year since 1976. When the situation on the Korean peninsula continued to ease, the United States and the ROK suspended the exercise in 1992.

In October last year, however, the United States and the ROK military leaders decided to resume the Team Spirit-93 joint military exercise because doubts about North Korea's nuclear weapons development were not dispelled. The broad strata from the northern side of Korea immediately opposed this decision.

North Korea asserted: The resumption of the Team Spirit exercise will halt the easing of tension on the Korean peninsula and will create obstacles to the constantly improving the North-South dialogue. Moreover, this is being done to pressure us.

Therefore, the government, political parties, and social organizations in the northern side of Korea decided to freeze all dialogue between the North and South authorities around the end of October last year.

Although the U.S.-ROK military exercise ended recently, and although the northern side of Korea lifted the state of semi-war, the Western nations and North Korea are having a dispute about the nuclear inspection issue.

The Western countries, including the United States, have accused North Korea of secretly developing nuclear weapons. They have also repeatedly called on the International Atomic Energy Agency [IAEA] to inspect nuclear facilities in North Korea.

On 28 February the IAEA adopted the resolution to conduct special inspections in North Korea. North Korea resolutely opposed this resolution and said: This is a flagrant infringement upon the DPRK's sovereignty.

North Korea declared on 12 March that it would withdraw from the Nuclear Nonproliferation Treaty [NPT] and said: This is a completely just self-defensive measure to cope with the United States' nuclear war exercise and the IAEA's unjust act.

The West said North Korea's withdrawal from the NPT showed that it did not care about possible isolation from the international community. It also said that its withdrawal from the NPT has made the nuclear inspection issue an international issue.

Because the situation is developing like this—although the UN Security Council will not take any measures until the last day of this month [31 March], the deadline set by the IAEA for inspection—the possibility that the council will take economic sanctions against North Korea is very great.

People are hoping that the situation on the Korean peninsula will be further alleviated; that problems between North Korea and the IAEA will be solved through negotiations; that they will be solved within the framework of the IAEA, if possible; and that they will not be aggravated.

ROK President Discusses Nuclear Issue

OW0104075893 Beijing XINHUA in English 0732 GMT 1 Apr 93

[Text] Seoul, April 1 (XINHUA)—South Korean President Kim Yong-sam says that if Pyongyang takes "sincere steps" to resolve the controversial nuclear issue, Seoul would be willing to resume the suspended South-North dialogue at any time.

In an interview with reporters from the local daily "TONG-A ILBO" on the occasion of the paper's 73rd anniversary, Kim said, "now that the 'Team Spirit' military exercise is over, I expect the South-North dialogue would resume as a matter of course."

The Democratic People's Republic of Korea (DPRK) announced on March 12 that it would withdraw from the United Nations Nuclear Non-Proliferation Treaty to protect its interest and sovereignty. The withdrawal becomes effective in 90 days.

Pyongyang's decision is viewed as a response to demands of the International Atomic Energy Agency to inspect the DPRK's two suspected nuclear sites and as a protest against the "Team Spirit" military exercise jointly conducted by South Korea and the United States from March 9 to 18.

President Kim said that when the North-South dialogue resumes, the South will promote the improvement of ties and the bringing together of dispersed families.

The issue of mutual nuclear inspections has been cooling relations between South Korea and the DPRK for some time. Seoul suspected the North of developing atomic weapons and demanded that it submit to short-notice inspections of nuclear sites by southern inspectors.

The North responded by demanding that the South open all its military bases to northern inspectors.

Russia To Seek Rescheduling of Debt Payments

OW0104032493 Beijing XINHUA in English 0145
GMT 1 Apr 93

[Text] Rome, March 31 (XINHUA)—Russia will have to ask for rescheduling at least part of its debt interest payments due this year, Russian First Deputy Prime Minister Vladimir Shumeyko said today.

Shumeyko, who is on a visit to Italy, told a joint press conference with his Italian host Foreign Minister E. Colombo that the total interest payments on Russia's foreign debts will reach 3.5 billion U.S. dollars this year.

He hoped that at least one billion dollars will be rescheduled.

During the visit, the two men discussed the rescheduling of Russia's foreign debt, the establishment of a rouble stabilization fund and the establishment of an insurance fund for Russian medium and small sized businesses.

Colombo said at the press conference that the Tokyo G-7 [Group of Seven] ministerial meeting on April 14-15 will assess the Western assistance to Russia from 1990 to 1992 and discuss whether the West will offer more aid to Russia.

'Roundup' on Aid to Russia

OW0104053793 Beijing XINHUA in English 0459
GMT 1 Apr 93

["Roundup": "West Prepares New Loans for Russia"]

[Text] Washington, March 31 (XINHUA)—The World Bank and Western creditors are preparing a bounty gift to Russian President Boris Yeltsin for his arrival at Vancouver next week.

New loans, some near agreement, might be the largest aid package to Russia, whose debt now amounts to 85 billion U.S. dollars, sources said.

"The time is ripe. The issue has now become more political than technical," today's WALL STREET JOURNAL quoted an official close to the Russian delegation as saying.

"We won't go on bickering as we have been," the official said.

Russia's long dispute with Ukraine on dividing up the debt left by the Soviet Union now seems ready to stop, observers said.

They said the constitutional crisis in Moscow last week, meanwhile, boosted support for Yeltsin in the Western world and Western-controlled lending organizations.

Among the few steps on new loans and debt rescheduling to Russia in recent weeks are:

- The World Bank yesterday changed its loan terms, removing a major hurdle to a planned 2 billion dollar loan from the U.S. Export-Import Bank for Russia to buy oil equipment.
- U.S. and European officials talked of "a good chance" for an agreement this week on rescheduling Russia's debt payment to foreign governments.
- Two U.S. lawmakers recently recommended forgiving Russia's debt for U.S. grain purchases and easing credit standards to allow new grain purchases.
- The World Bank, joined by the European Bank for Reconstruction and Development, plans a 1.3 billion dollar credit package for Russia to develop oil fields in Siberia.
- A 2-billion escrow account will be opened by Washington and Moscow at an international bank, serving as an alternative to the Russian Government's guarantee for repaying for U.S. goods.
- Last week, the White House called on the International Monetary Fund to increase its aid to Russia to 13.5 billion dollars and ease lending restrictions.

Some 70 billion of Russia's 85 billion dollar debt was inherited from the Soviet Union. Russia said it can afford to pay only 2.5 to 3.5 billion this year.

Much of the promised Western aid to Russia over the last couple of years was delayed because of Russia's failure to make economic reforms sought by Western bankers.

"Despite the hopes of the Clinton administration, it is not clear that Russia could do much better this year, even with less restrictive conditions," THE NEW YORK TIMES said last week.

Earlier this week in Moscow, an IMF mission head warned that there would be "little chance" of new IMF loans for Russia in the near future.

IMF issued 1 billion U.S. dollars in credits to Russia in the latter half of 1992.

"To negotiate an agreement with a country, we need to make sure the different organs of power... Have a common view of what the future and the development of the economy should be," said the IMF's Jean Foglizzo.

"Today we don't see this convergence very clearly," he noted.

Russian First Deputy Prime Minister Vladimir Shumeyko, in his visit to Italy today, called Western creditors to reschedule "at least part of its debt interest payments" due this year.

Russia's total interest payment on its foreign debt reaches 3.5 billion dollars this year.

U.S.-Indian Naval Exercises To Continue

OW0104092093 Beijing XINHUA in English 0903 GMT 1 Apr 93

[Text] New Delhi, April 1 (XINHUA)—India has affirmed its commitment to hold naval exercises with the United States, according to a Defense Ministry statement issued here on Wednesday [31 March].

The two countries will continue to work on a navy-to-navy basis including the conduct of joint exercises, said the statement, which was issued at the end of a round of discussions here between the commander-in-chief of the U.S. Pacific Command, Admiral Larson, and the Indian chief of naval staff, Admiral L. Ramdas.

India and the U.S. held their first naval exercises in May 1992, in which two Indian ships, INS Ranjit and INS Gomti, held maneuvers with USS Vandergrift and USS David R Ray. One helicopter from each side also participated.

Naval exercises on a bigger scale are expected to be held this year and both sides are exploring the possibility of staging them near Guam, according to local press reports.

Admiral Larson, who arrived here on Tuesday [30 March] for a three-day visit to discuss several issues including the state of the country's regional security environment, also called on the Minister of State for Defense, Mr Mallikarjun, and met the chiefs of the Air Force and the Army.

Larson said in a paper released here to coincide with his visit that the economic destiny of the United States lies in Asia and its military forces can play a vital role in shaping it.

"We cannot, we must not, stage a strategic retreat from the international scene to concentrate exclusively on problems at home," he stressed.

Article on 'Refuting China Threat Argument'

HK3103031293 Beijing GUANGMING RIBAO in Chinese 24 Mar 93 p 7

[Article by Zhang Changtai (1728 2490 3141): "Refuting the 'China Threat Argument'"]

[Text] Since last year, some Western publications have been deliberately spreading the so-called "China threat" argument. With evil intentions, they have clamorously said that "China is carrying out arms expansion"; they have created a "China threat argument" and have

asserted that China is building a "large Chinese economic sphere" and that this constitutes an "economic threat" to the world. This argument will not get anywhere, but it has influenced some countries.

First, the "China threat argument" initiators assert that China has increased its military expenditure by a wide margin. They say that, in recent years, China has increased its military expenditure every year. "China is using its wealth in a dangerous manner, namely for a large-scale military buildup."

As everyone is aware, China is one of the countries with the lowest military expenditures in the world. For example, in 1992 China's military expenditure amounted to approximately \$6 billion, with a per capita military expenditure of \$5 and accounting for 1.5 percent of GNP [gross national product]. This low figure is definitely below the military expenditures of other Western countries, let alone the United States, a superpower with military expenditures of more than \$250 billion a year. Britain's military expenditure is approximately \$40 billion a year, France's \$37 billion, and Germany's \$32.5 billion. China's military expenditure is also low in comparison with the rest of Asia. Japan's military expenditure amounts to more than \$36 billion a year, the ROK's \$11 billion, and India's almost \$7 billion. From these figures we can clearly see that China's military expenditure is quite limited and is maintained at the minimum level. The allegation that China has increased its military expenditure by a wide margin is groundless.

Second, the "China threat argument" initiators slanderously say that China is carrying out arms expansion. They have made clamorous publicity on China's arms purchases from Russia, saying that "China is building a military force which cannot be challenged by any combined military force in the Southeast Asian region."

In today's turbulent world, all countries must possess the necessary means to protect their own safety at any time. This is common sense. For a long period, China had time and again reduced its military expenditure to such a low level that its outmoded equipment now lags behind that of Western countries by more than 20 years. It is natural for China to purchase some weapons from friendly countries and improve its equipment as planned. Many countries are also updating their weapons and equipment in accordance with their development programs. Why are some people so neurotic about China's purchase of such a small number of planes?

Third, the "China threat argument" initiators accuse China of "filling the vacuum." They say that "taking advantage of Soviet disintegration and the U.S. military reduction, China is strengthening its military force to fill the 'vacuum.'"

The Chinese Government has always pursued an independent and peaceful foreign policy. There are no Chinese troops stationed abroad. The Chinese Government has solemnly declared on many occasions that China will

not seek hegemony at any time. The Chinese Government is in favor of disputes between countries being peacefully resolved through negotiations. It was in this spirit that, in the early days of the PRC, China resolved its long-standing territorial disputes with some neighboring countries, and it has so far maintained friendly and cooperative relations with these countries. Even on the Nansha [Spratly] Islands issue, China takes a stand of "putting aside disputes and carrying out joint development" while upholding sovereignty—a stand which has been appreciated by the relevant countries. Obviously, some Western people have completely distorted China's consistent stand in saying that China has "displayed its strength" on the Nansha Islands issue.

Fourth, the "China threat argument" initiators have made much of China's "economic threat." They say that "China, Hong Kong, and Taiwan are forming a 'large Chinese economic sphere' which 'will constitute a challenge to the world.'" Some publications have openly maintained that a "Chinese economic threat" has appeared in Asia.

China is a developing country. In the last 15 years, its economy has developed a great deal, and the people's lives have continuously improved due to reform and opening up. Taken as a whole, however, China's economic position in the world is too low to mention. Judging from China's economic development status, how can it be called an "economic threat"? Obviously, these initiators of the "Chinese economic threat argument" have purposely exaggerated China's economic strength. There is no such thing as a "large Chinese economic sphere" at all. This is only an assertion made by some Western people to sow discord between China and its neighboring countries, to undermine the development of economic and trade relations between China and these countries, and to destroy the general trend of stability and development in Asia.

At a time when some people with ulterior motives are propagating the "China threat," some farsighted people are presenting a host of facts to refute it. For example, General Chalan, secretary general of the Thai National Security Committee, has said that "there are no indications that China is expanding its military force." Michael Schwan and Jonathan Prack, experts with the U.S. Lande Company, recently had articles published in which they said that China's conventional military force is lagging far behind first-rate military powers and that China must possess a more effective military to protect its own interests.

Further Comment on 'China Threat' Theory

HK0104064593 Beijing RENMIN RIBAO in Chinese
27 Mar 93 p 6

[Article by Chen Tean (7115 3676 1344): "Subjective Fabrication Cannot Replace Objective Facts—Commenting on and Analyzing 'China Threat'"]

[Text] People still remember that, when the world was undergoing drastic changes, some Western media predicted that China would inevitably fall like a domino following in the footsteps of the former Soviet Union and Eastern Europe. While these words are still ringing in our ears, another theory called "China Threat,"—namely: a strong China posing a threat to other countries—is turning up in some corners of the Western world. This absurd theory claims that China's "military buildup" has already "gone beyond its defensive needs," that China is "filling a vacuum" in the Asia-Pacific region, and that China will become a "super economic power" threatening the "interests" of the West. According to this theory, it seems that a country which was about to disappear from earth at any time could turn overnight into a super military, political, and economic power capable of threatening other countries. Who on earth believes this?

Only facts speak louder than words. It is known throughout the whole world that China's national defense forces are wholly defensive in nature: China's total military expenditure over the past 40 years amounts only to U.S. defense spending last year. China's military budget this year accounts for only 1.5 percent of gross national product, or just one thirty-eighth of U.S. military spending this year; the per capita cost of every soldier in China is a mere one sixty-eighth of the United States, and China's current defense spending is only \$6 per capita. All these figures are among the lowest in the world. China has in recent years cut its armed forces by 1 million and converted a large number of defense enterprises to civilian production. The scale of this military drawdown can be claimed as unique in the world. China has never taken part in an arms race and has no intention whatsoever of taking part in any future arms races, let alone initiating an "arms race" in East Asia. Needless to say, there will be a gradual renewal of obsolete arms and equipment for defensive purposes and safeguarding national security. This should not be placed on par with an "arms buildup." Any talk about China purchasing aircraft carriers is utterly groundless, too. As the saying goes: Justice is in people's minds. After a detailed comparison and analysis of China's defense situation, a major Japanese newspaper came to such a conclusion: "The allegation that China is currently engaging in arms expansion is without good grounds."

As for such an allegation as China "filling a vacuum," we can simply turn to certain facts: Since the end of the cold war, some changes have taken place in the Asia-Pacific Region. Nonetheless, one superpower maintains strong offensive forces in both the Pacific Ocean and the Indian Ocean to this day. Therefore, there has in fact never been any "power vacuum" in the Asia-Pacific region. So any talk about China trying to "fill a vacuum" is utterly out of the question. What is more important is that China has all along pursued an independent foreign policy of peace and has never sent troops to occupy an inch of foreign territory or has set up military bases in any foreign countries. On the contrary, it was China that

initiated and advocated, through cooperation with neighboring countries, the well-known "Five Principles of Peaceful Coexistence." These five principles are being recognized as a norm for international relations by more and more countries in the world. It is on the basis of these five principles that China has established diplomatic relations with 150 countries and has resolved, in a peaceful and friendly manner, problems left over from history, including border and nationality issues with countries like Burma, Nepal, Mongolia, Pakistan, Afghanistan, Indonesia, and other neighboring countries as well. Furthermore, progress has also been witnessed toward the peaceful resolution of some residual controversial border issues. China has all along stood for settling international disputes through negotiations. China has taken the initiative to advance such peaceful proposals as "shelving disputes and jointly exploiting" the resources of the South China Sea. This proposal has won approval from countries like Vietnam, the Philippines, Malaysia, and other parties concerned. During his recent visit to ASEAN countries, Japanese Prime Minister Miyazawa said that a consensus existed among the ASEAN leaders he had met: China is unlikely to become a threat to the region. As a matter of fact, Asian countries regard China's development as an expansion of the force for safeguarding peace. Just as Singapore's senior statesman Lee Kuan Yew said recently: A stronger China "is conducive to strengthening peace, stability, and prosperity in the East Asian region."

As for whether or not China's economic growth will make China a "superpower" capable of "threatening" other countries, facts are inevitably the best answer to this question. Over the past 40 years or more, especially the past 14 years during which China has carried out reform and opening up to the outside world, the Chinese economy has been developing at a fast pace. As a result, China has enhanced its comprehensive national strength to a certain extent. However, due to a poor foundation, China is still a developing country at present. In order to economically catch up with the existing moderately developed countries, China will have to work hard for decades to come and strive to secure for itself an international environment of lasting peace. Even after it becomes a developed country in future, China will still not seek to become a superpower, as has been solemnly stated by Chinese leaders. There is absolutely no basis for allegations such as China becoming a "super economic power" or posing a "new threat" to other countries. On the contrary, the broad masses of developing countries, which hold a view different from and diametrically opposed to the "China threat" theory, hold that economic growth in China, a country with the largest market potential in the world and increasingly close ties with the world economy, will certainly contribute to economic growth in Asia and the world as a whole. Thus, the international community "should not try to obstruct China's economic progress."

It should be pointed out that the "China threat" theory fabricators either lack a clear understanding of China or

harbor ulterior motives. It is true that certain people still stick to "cold war ideology in the absence of a cold war" and remain sentimentally attached to the cold war even after it has been consigned to history. They are unhappy with China's political stability, economic development, and rising international status. They are trying to "contain" China with the "China threat" theory. They also feel uneasy about China improving and developing neighborly relations and friendship with neighboring countries and are trying to sow discord between China and surrounding countries by virtue of the "China threat" theory in hope of profiting from others' conflicts and preventing East Asia from once again rising to its feet. At a time when peace and development have become a common demands from people all over the world, the demand for arms and ammunition has dwindled. As a result, the Western arms industry is facing a crisis resulting from excessive supply and dwindling demand. Thus, these people are trying to use the "China threat" theory to "find a new enemy" to create a pretext for the West's huge military expenditure and to find export markets for their arms and ammunition.

Moreover, it should be especially noted that these people are also unwilling to see the peaceful reunification of China. One or two Western countries have openly sold weapons to Taiwan and have sabotaged China's peaceful reunification under the pretext of the "China threat." They hope to kill several birds with one stone and have really given much thought to this scheme.

Nonetheless, historical facts are by no means a little girl on whom other people can paint makeup at will. After all, subjective fabrications by those who peddle the "China threat" theory cannot replace objective facts. It is true that China's stability and development pose a threat to hegemonism and power politics, both of which have been discarded by history. However, they also constitute universally acknowledged factors of stability capable of safeguarding world peace, stability, and prosperity. According to the "China threat" theory, China, a country quietly immersing itself in developing its economy and safeguarding peace, is the source of a new threat. This is at once sheer nonsense and a distortion and reversal of the objective facts. The "China threat" theory, a type of subjective fabrication divorced from objective facts, cannot withstand testing by facts and is thus doomed to melt like a snowman in the sunshine.

PRC Implements UN-Aided Forestry Project

OW0104094593 Beijing XINHUA in English 0825
 GMT 1 Apr 93

[Text] Changsha, April 1 (XINHUA)—China has begun to implement a forestry project financed by the United Nations Development Program.

The 5-year project, with the code name "CPR/91/151," was signed last September. It is designed to help China establish a system for surveying its national forestry resources.

The project is being jointly implemented by a number of research institutions.

A forestry planning and design academy in Changsha, the capital of central Hunan Province, is engaging in the study of optimal methods of conducting a state forestry resources survey.

The academy has since last autumn organized foreign language and computer training courses and translated over 200 theses on the latest academic findings in forestry.

It also plans to send scientific personnel abroad and introduce advanced equipment within the institute.

The institute has recently opened a technical training class and invited forestry experts from Germany and the mainland to give lectures.

Other participants in the project include forestry planning and design institutions in the southeast and northwest of China and in Beijing.

United States & Canada

Li Peng Meets U.S. Stockbroker; Discusses Ties

OW0104093693 Beijing XINHUA Domestic Service in Chinese 0748 GMT 1 Apr 93

[By reporter Feng Xiuju (7458 4423 5468)]

[Text] Beijing, 1 Apr (XINHUA)—When meeting guests today from Merrill Lynch & Company, the United States' largest stock investment institution on Wall Street, Premier Li Peng expressed the hope that U.S. businessmen will continue to do their best to bring about an all-round improvement and development of Sino-U.S. relations.

Li Peng said: This is because improvement in Sino-U.S. political relations will create a favorable and healthy environment for economic, trade, and technological cooperation between the two countries.

At the Great Hall of the People, Li Peng had a meeting with William Schreyer, chairman of the board, and his party, lasting more than an hour.

Li Peng said to the guests: "You are the first American delegation I have met since I assumed the post of premier for another term. I am very pleased by this."

He said: The business circles of China and the United States have consistently maintained good relations and have launched fairly successful cooperation in a number of areas. Merrill Lynch & Company is a very powerful stock company in the United States as well as in the world. It has provided useful suggestions and assistance for the development of China's banking and stock businesses. We want to express our appreciation for this.

Li Peng said: Along with the establishment of a socialist market economy, China's stock and securities businesses are gradually being launched. We will adopt measures to continually improve rules and regulations in this respect and train more qualified professional personnel who are experts in this field, so as to standardize stock and securities transactions. We are willing to maintain cooperation with Merrill Lynch & Company.

Schreyer said: Merrill Lynch & Company gives priority to developing relations with China. There is already a very good foundation of cooperation between the two sides. A few days ago, the group officially set up an agency in Shanghai. It will become an important international investment bank in China and become an investment adviser China can trust.

Schreyer said: Merrill Lynch & Company will also adopt a positive measure to help China enter the international investment market and will play a role in raising funds for major projects like the Sanxia [Three Gorges] project.

During the meeting, Schreyer expressed his congratulations on the successful conclusion of the First Session of the Eighth National People's Congress and on Premier Li Peng being elected premier for a new term.

Finance Minister Liu Zhongli was present at the meeting.

This morning, Li Guixian, state councillor and president of the People's Bank of China, met with Schreyer and his party. Li briefed them on China's banking system reform in recent years.

Deng Considers MFN Support 'Indispensable'

HK0104132093 Hong Kong CHENG MING in Chinese No 186, 1 Apr 93 pp 29, 30

[Article by Fan Chun (5400 0689): "Deng Xiaoping on Sino-U.S. Relations"]

[Text] Zhu Rongji and Qian Qichen Reproached

It is time for China and the United States to have a trial of strength again over China's most-favored-nation [MFN] trading status.

People have noticed that since the Clinton administration came to power, the CPC seems to have realized that without the "favor" of its old friends like Bush, China has slim hopes of renewing its MFN status unconditionally. Therefore, a number of well-known prodemocracy activists, including Wang Xizhe and Wang Dan, were finally set free....

As opposed to its tough approach toward the UK and France, the CPC has always "left some margin" in dealing with the United States. Its attitude on U.S. arms sales to Taiwan in particular, serves as a manifestation of its pragmatism in bartering away principles. It has been learned that this issue has triggered disputes among the top CPC leadership stratum.

Not long ago, Vice Premier Zhu Rongji, who is in charge of economic work in the State Council, and Foreign Minister Qian Qichen jointly wrote a letter to Deng Xiaoping and the CPC Political Bureau. In the letter, Zhu and Qian talked about the problems they had encountered in their work as well as reflections from the lower levels. As a matter of fact, the Foreign Ministry and the Ministry of Foreign Economic Relations and Trade were the two departments most appreciated by Deng Xiaoping. Among all the ministries and commissions under the State Council, these two ministries are praised most frequently by Deng Xiaoping; yet, they are considered by the conservative faction inside the party as the two most "rightist" departments. During a recent period, after being denounced for "forsaking their principles" and "practicing capitulationism," Zhu Rongji and Qian Qichen were frustrated and did not know what course to take. At that time, they thought of Deng Xiaoping and, therefore, wrote him a letter to talk about their own views. The intentions of Zhu and Qian were very clear. They wanted to arouse sympathy in Deng and, as a result, they could be "bold and assured" in their future work.

As was expected, Deng Xiaoping felt much the same as Zhu Rongji and Qian Qichen. He realized that the U.S. support through the MFN status is absolutely indispensable to China's socialist market economy and he was afraid that the conservative faction inside the party would come out with indiscreet remarks and finally make things worse. Therefore, upon careful consideration, Deng issued a written speech on Sino-U.S. relations.

Deng Xiaoping's speech was first read out by Li Peng at the auditorium of the State Council to people in charge of all ministries, commission, and offices; and then published in a bulletin compiled by the CPC General Office.

Economic Cooperation Between China and the United States Is Beneficial to the Mainland

Deng Xiaoping first talked about the idea that economic cooperation between China and the United States is beneficial to the mainland. He said: "Some of our large-scale projects using advanced technologies should take the initiative to cooperate with the United States; open themselves to the U.S. market; reduce the trade deficits between the two countries; and build up a cooperative partnership on a sound foundation featuring mutual benefits and trust. Such a practice is in keeping with benefitting our country."

Deng Xiaoping persuaded certain people to "try to look farther and be far-sighted." In addition, he elaborated on the cardinal principle of "sovereignty, internal affairs, and territories," believing that no concessions, compromise, or tolerance should be shown on such issues. When talking about the knotty problem of U.S. arms sales to Taiwan, Deng Xiaoping seemed to refute the blame laid by the conservative faction inside the party: "It is

beyond doubt that the United States violated the spirit of the Sino-U.S. Shanghai Communique by selling its advanced warplanes and missiles to Taiwan. We have clarified our stance to the U.S. side and reserve the right to take further action. This is not forsaking our principles or practicing capitulationism. Does it mean adhering to our principles to indulge in antagonism with the United States? This does not conform with our country's foreign policy and principles."

In addition, Deng Xiaoping used his "cat theory" to emphasize his point: "Except for the issues of sovereignty, internal affairs, and territorial integrity, on which no interference or discussion is allowed, we can make certain concessions and compromises on all other issues which are beneficial to the interests of the country and the people and to our central construction tasks. It is imperative to make certain necessary readjustments on concrete principles and policies or even to retreat appropriately. These are proper measures and correct policy decisions, not rightism and still less worshipping and fearing the United States or the so-called complete betrayal of the Marxist principles."

Coming Two or Three Decades Are Crucial

As a matter of fact, it is because of his intention to save socialism that Deng Xiaoping favors making concessions and offering compromises to "American imperialism." Without the vast U.S. consumer market, the socialist market economy will find it hard to gain a foothold. With a sense of urgency, Deng repeatedly stressed in his speech that the coming two or three decades are crucial. He warned people inside the party not to get tied down by the U.S. ideology but to do a good job in their work in the first place. He asked people not to be afraid of the corrosive influence and infiltration of the West or the obstacles set by the United States against us.

Deng Xiaoping is quite confident of "building socialism with Chinese characteristics." He pointed out: "It is true that the existing system in the U.S. has its advanced side, which we can use for reference in light of our national conditions. However, there are many deep-rooted defects in the U.S. political circles—which are even admitted by the United States itself. At present, no country can ever boast that its system is the most perfect one in the world. We should not claim our existing system to be the most perfect one. The question as to whether or not our existing system can be consolidated, developed, and perfected in reform and construction can be answered by practice in the coming two or three decades. Therefore, the development in the coming two or three decades is extremely crucial."

Deng Xiaoping seems to have the self-knowledge not to praise himself up but to call people's attention to the results in two or three decades' time. He said regretfully: "Under the relatively stable political environment during the late 1950's, if our party had not made mistakes in its guiding line and policies, and if our party had adopted a correct approach and regarded economic

construction as a central task for the whole party and country, one can imagine what tremendous development and changes our country would have experienced during the following 20 years. That is why we say that our party made an extremely serious mistake during the construction period in the late 1950's. We should unswervingly uphold and never deviate from the central task of economic construction (except when our country faces large-scale external aggression)." Lastly, Deng Xiaoping stressed the need to unswervingly uphold the unity inside and outside the party and to unite all the people who love our country, including those who do not favor our socialist system but are willing to work for our central task of economic construction. This can help to strengthen and consolidate our system to a great extent.

He Claims To Prefer "Rightist" Leadership

On the other side, the initial results in economic reform have also become trump cards in Deng Xiaoping's hands. Therefore, although Zhu Rongji and Qian Qichen were denounced by the conservative faction inside the party, Deng Xiaoping could easily rescue them from the siege with only a few words. As early as this year's Chinese Spring Festival, Deng Xiaoping told Shanghai CPC Secretary Wu Bangguo and Mayor Huang Ju in Shanghai: "People with more open minds will be denounced by others as 'rightists,' while those who have made contributions and achieved results for the country and the people are also considered to be engaged in 'rightists' practices. If this is the case, I would rather choose such 'rightist' leadership and praise such 'rightist' departments. In my opinion, the root cause of this is that some people are still against the reform currently under way and intend to adhere to bookishness."

What merits attention is that both Bo Yibo and Qiao Shi recently relayed Deng Xiaoping's remarks at different symposiums. Linking it with the incident where Zhu Rongji and Qian Qichen submitted a letter to Deng Xiaoping, we can faintly discern that the two factions in the CPC top hierarchy are still quibbling endlessly over adopting a "left" or right line and over the surnames "socialism" or "capitalism"....

It can be predicted that if Deng Xiaoping fails to conduct political reform while carrying out economic construction, and fails to remove the "four cardinal principles" from the Constitution, the reform and opening up he is now advocating, including the Sino-U.S. relations, would not be "perfectly justifiable." In addition, who can guarantee that "the party's basic line Deng once set out can remain unchangeable for 100 years" after Deng passes away?!

Central Eurasia

Khasbulatov Urges Yeltsin To Follow Constitution

OW0104113793 Beijing XINHUA in English 1044
GMT 1 Apr 93

[Text] Moscow, April 1 (XINHUA)—Russian parliament Speaker Ruslan Khasbulatov said last night that he

would try to urge President Boris Yeltsin to act in accordance with the constitution.

Khasbulatov made the remarks in a TV talk in response to Yeltsin's intention to hold an independent referendum on his confidence and the draft constitution he put forth.

The speaker said the constitution was a "democratic" one, which he said had been amended many times.

He also said that the reform of the current parliament should be carried out in a legal way instead of through a revolution, though the system was not the best model.

On Yeltsin's opposition to the April 25 referendum approved by the Congress, Khasbulatov said his parliament was entitled to raise its own questions for the event.

The presidential office said Yeltsin would hold a different referendum as the parliament's questions for the referendum would divert votes for the president.

Russian Communist Party Registers With Ministry

OW0104075493 Beijing XINHUA in English 1603
GMT 31 Mar 93

[Text] Moscow, March 31 (XINHUA)—The Russian Communist Party, currently with 600,000 members, has registered with the Justice Ministry, making it the largest legal political party in Russia, a party spokesman told a press conference here today.

Registration is significant for the Communist Party, because the party now can recommend its own delegates to the Central Election Commission and elect its own members as people's deputies at a time when the Russian people are preparing for a national referendum, he said.

But the spokesman did not say when the party has registered.

The Communist Party's contacts with other parties in Russia are extensive and they have frequent discussions on domestic issues, he said.

Party leaders are talking with leaders of the "patriotic forces" about taking a coordinated stance in preparation for the April 25 referendum.

In the referendum, the Russian people will be asked to answer the following questions: whether they have confidence in President Boris Yeltsin, whether they approve of the socio-economic policy carried out by the president and the government for 1992, and whether they think it necessary to hold early presidential and parliamentary elections in Russia.

At the press conference, the spokesman attacked the government's "shock therapy" economic reform program, saying that such a reform campaign had led to "a decline in production and to the pauperization of the people."

On the referendum, the spokesman predicted the president possibly would engineer another national vote instead of submitting to any unfavorable decision by the Russian Congress of People's Deputies, Russia's parliament.

However, no referendum will solve Russia's current problems, the spokesman said.

The spokesman refuted a rumor that his party had been relying on foreign aid for funds. The party's activities are financed in full by party membership dues, he said.

The Russian Communist Party was founded on June 20, 1990, and re-established at the February 13-14 second special session of Congress when it at the time was the largest opposition party in the nation.

However, the party's registration application was turned down by the Ministry of Justice on March 24.

West Europe

Zhu Rongji Greets Belgian Metal Working Venture

OW0104063593 Shanghai People's Radio Network in Mandarin 1000 GMT 31 Mar 93

[From the "News and Weather" program]

[Text] Construction of the China [company name indistinct] Company, the country's largest joint venture in metal products manufacturing, began in Jiangsu's Jiangdu City today. Zhu Rongji, vice premier of the State Council, Gu Xiulian, minister of chemical industry, and others sent cables to greet the occasion. Mr. de Valck, Belgian ambassador to China, and [words indistinct] of Jiangsu Province attended the construction-starting ceremony.

The total investment of the project is \$50 million. The project will enable China's metal products manufacturing to rank among the top of the world.

'Roundup' on British-French 'Fish War'

OW3103045593 Beijing XINHUA in English 0421 GMT 31 Mar 93

["Roundup" by Wang Shengliang]

[Text] London, March 30 (XINHUA)—Britain and France have resumed their "fish war" over the fishing grounds off the Channel Islands.

British Prime Minister John Major today condemned the actions of French fishermen as "totally unacceptable," while the French Government pledged to do everything necessary to prevent further violation.

On Sunday [28 March], three British Royal Navy officers boarded a French trawler suspected of fishing illegally inside British waters and ordered her skipper to put into St. Peter Port on the island of Guernsey. Instead, the three were taken to the French port of Cherbourg.

Also at Cherbourg, on the same day, French fishermen occupied a Royal Navy vessel on a good will visit and burned her ensign.

The following day, in London, the Foreign Office summoned French Ambassador Bernard Doring to receive a protest about the incidents. The British protest was also made in Paris later on Monday.

The French ambassador said, "As far as what was done to the British ensign is concerned, whatever the circumstances and motives, we condemn such action. The French authorities will do everything to ensure that such incidents are not repeated."

Prime Minister John Major said he welcomed the French ambassador's remarks and hoped the French Government would take responsibility for avoiding a repetition. "We now look to them to restore order," Major said.

The confrontation erupted over disputed fishing rights in the waters around the Channel Islands, which are about twenty miles off the coast of France. The European Community recognized a British six-mile limit around the islands last September, and EC fishing regulations give British officials the right to order foreign vessels suspected of fishing in these waters to leave or to put into a British port, where their owners would be subject to fines.

French fishermen have challenged the EC decision and acted angrily against the British naval protection.

Yesterday, after 40 french trawlers sailed into British waters in a show of strength, British Fisheries Minister David Curry said the United Kingdom would not be intimidated by the French campaign.

"My message to the French is "knock it off, because it won't work", he said, adding, "we are not going to be intimidated."

Agriculture Minister John Gummer also said officers on British fishing protection vessels might start carrying arms.

Last week, French fishermen raided French markets and poured British fish into the streets as a protest. Also aggravating the fish war are non-EC imports from Russia and Norway, which fishermen of both nations say undercut their domestic fish prices.

On Monday, French fishermen and the British Guernsey Sea Fisheries Committees agreed to a four-week truce which would have allowed the French to fish in British territorial waters in return for allowing British fish exports into France.

French fishermen, who thought they had an agreement in hand, joyfully returned home last night, but the British Government said today that the fishermen had no right to negotiate or alter international treaties and

that their agreement was not valid. Royal Navy vessels are to resume their enforcement of territorial limits, and the French Government also warned its trawlermen that they are not to fish there.

While the fish war continues, a foreign office official says the two countries are to hold talks based on the European Community's recognition of the six-mile fishing limit around the Channel Islands.

Eighth National People's Congress

RENMIN RIBAO Column on NPC, People's Democracy

HK0104103693 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 16 Mar 93 p 1

["New Talk About China" column by Xue Xin (5641 5450): "People's Democracy"]

[Text] The solemn Great Hall of the People has again started writing a new chapter in the Chinese people's political life.

On 14 March, the preparatory meeting of the Eighth National People's Congress [NPC] adopted the agenda of the current session and elected its presidium and secretariat. Viewed from the contents of the agenda and their role in the social development of contemporary China, the people (through the deputies elected by them) are indeed enjoying the democratic rights of being masters of the Republic. The current session will listen to and examine the State Council's Government Work Report and other special reports; deliberate on and examine the amendment to the "PRC Constitution," which is the fundamental law of the state, and the "Basic Law of the Macao Special Administrative Region of the PRC"; and listen to and examine the work reports of the NPC Standing Committee, the Supreme People's Court, and the Supreme People's Procuratorate. There is another agenda at the current session which has attracted worldwide attention: Electing and determining the new leaders of the state. Undoubtedly, only the highest organ of state power—the National People's Congress [note: The vernacular for "congress"—dai biao da hui 0108 5903 1129 2585—is published as dai biao quan hui 0108 5903 3689 2585, meaning "deputies dog meeting"] has the right to determine this great event, which is related to the destiny of the state.

I also found out the following from the documents distributed by the session to the deputies: The Fifth Session of the Seventh NPC received 2,934 reports submitted by individuals and 472 by groups or delegations composed of over 30 deputies, which included proposals, criticisms, and the handling of matters. The session also received reports on the results of the examination of the motions submitted by the deputies to the special committees of finance and economy; education, science, culture, and public health; internal affairs and the judiciary; and nationality for deliberation and examination. From these reports, we can vividly see the democratic rights enjoyed by the people. The people's deputies showed great concern for the state's economic, culture and education, political and legal, and nationality affairs. By proposing these motions, they have promoted from various aspects China's reform and opening up, and the socialist modernization program.

The "PRC Constitution" says solemnly: "All power in the PRC belongs to the people." The people love their

Republic. The Chinese people do not admire the democracy characterized by long, drawn-out quarreling, scrambling, and even fighting which exhaust huge amounts of funds. They prefer Chinese style, realistic democracy which can do more practical things for the people.

Character Misprinting 'Sheer Accident'

HK0104103893 Hong Kong WEN WEI PO in Chinese 30 Mar 93 p 9

[Report: "RENMIN RIBAO OVERSEAS EDITION Clarifies Misprint"]

[Text] Beijing (WEN WEI PO)—This reporter has learned from an authoritative source that the misprinting of the characters "da hui" [1129 2585, meaning "congress"] as "quan hui" [3689 2585, meaning "dog meeting"] by RENMIN RIBAO OVERSEAS EDITION in its "New Talk About China" column on the front page of the 16 March issue aroused suspicions here after it was exaggerated by a small number of newspapers in Hong Kong.

Following a careful examination by RENMIN RIBAO and relevant departments, the dot on the character "da" was caused by a falling fleck of dirt during printing. It was a sheer accident and was absolutely not a "political incident" intentionally created by workers. Obviously, the so-called question "could it be a 1991 'New Year Poem' joke intentionally played by RENMIN RIBAO workers" is a sheer fabrication.

Anhui Governor Examines Report at Group Discussion

OW0104014293 Hefei ANHUI RIBAO in Chinese 17 Mar 93 p 1

["While Examining the Government Work Report, Deputy Fu Xishou Points Out the Necessity To Maintain the Good Momentum of Economic Development in Anhui"]

[Text] On 15 March, while examining the Government Work Report delivered by Premier Li Peng, Fu Xishou, deputy to the First Session of the Eighth National People's Congress [NPC], deputy secretary of the Anhui provincial party committee, and governor of Anhui, said: Under the present circumstances, Anhui should do everything possible to maintain the good momentum of economic development which began last year. If this momentum can be maintained for three to five years, Anhui's economy will advance a big stride forward, and its appearance will undergo a drastic change. The people of the province must unite as one to fight for the fulfillment of this goal.

Beginning on 15 March, deputies of our province attending the First Session of the Eighth NPC were divided into groups to examine the Government Work Report. Deputy Fu Xishou was the first to make a speech at a group meeting. He said that the Government Work

Report fully embodies the guidelines of the party's 14th National Congress and Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and that he was greatly inspired after reading it. Fu Xishou made four suggestions on how to maintain the momentum of rapid economic development in Anhui which appeared last year: First, we must intensify reform and accelerate opening up to the outside world. The nucleus of this is establishing, as soon as possible, a new socialist market economic system. Only in a market economy can the rich resources of the inland provinces be rationally allocated, thereby enhancing efficiency. Second, we must work hard to open wider to the outside world. We must pay special attention to opening up Wuhu, areas along the Chang Jiang [Yangtze River], and Hefei and Huangshan cities to the outside world. We should strive for a new breakthrough by taking advantage of the superior conditions of these areas, guiding economic development throughout the province. Third, we must attach great importance to agricultural and rural questions. In the past few months, in accordance with the central authorities' plan, our province has adopted a series of emergency measures to cope with the questions of "IOUs" and the peasants' burden becoming increasingly heavier. We have achieved initial results in this respect. In the next step, we should intensify work to ensure that all measures are implemented. We should speed up the development of village and town enterprises in our province. Peasants will not leave our province in large numbers if we have developed village and town enterprises and have a strong collective economy; moreover, we will be assured of funds for the establishment of various social undertakings. Last year, the output value of our village and town enterprises amounted to 58 billion yuan, up 21 billion yuan over 1991. This year we will strive to increase the output value to 80 billion yuan. Fourth, while developing basic industries, we should strive very hard to develop high value-added, high-efficiency industries. Last year, our province's output of washing-machines, refrigerators, and television sets ranked first in the country. On the basis of our success, we should continue to make big strides; we must make high value-added, high-efficiency industry one of the pillar industries in our province, thereby bringing about a rapid economic development in Anhui.

Yunnan Governor Meets State Aviation Officials

HK3103144293 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 25 Mar 93

[Text] On the afternoon of 23 March, He Zhiqiang, governor of Yunnan Province and deputy to the National People's Congress [NPC] who is attending the First Session of the Eighth NPC in Beijing, invited Jiang Zhuping, director of the Civil Aviation Administration of China, and persons responsible for relevant departments of the Civil Aviation Administration to come to the Beijing Hotel, where the Yunnan delegation is staying, to discuss how to accelerate aviation undertakings in Yunnan.

He Zhiqiang first briefed the guests on Yunnan's plan for developing the aviation industry during the Eighth Five-Year Plan period. He said: During the Eighth Five-Year Plan period, Yunnan will build and transform eight airports, including Dali, Lijiang, Kunming, and so on; open up new air routes based on the air traffic between Yunnan and Laos, Thailand, and Singapore; and, at the same time, conduct cooperation in aviation industry with foreign countries. He Zhiqiang also made proposals and set requirements concerning the difficulties and problems encountered in the construction.

Jiang Zhuping said: Yunnan's achievements in construction were remarkable in recent years. In particular, relatively greater progress was made in aviation undertakings. He said: As Yunnan is a mountainous province, it is of great significance to give priority to aviation development, which has broad prospects. He indicated that he would extend his support to the development of Yunnan's aviation industry in terms of airport construction, funds, technology, and other aspects.

Xie Fei Discusses Guangdong's Position on Reform

HK3103145393 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 25 Mar 93

[Text] The following is a recorded report by Xie Fei, secretary of the provincial party committee, on how Guangdong should be placed in a correct position for exploration and advance.

Listeners, the remarks made by General Secretary Jiang Zemin to the deputies from Guangdong yesterday set their minds at ease regarding the questions of whether the focal point of reform and opening to the outside world set by the central authorities has been moved northward and whether Guangdong has been left out in the cold. Xie Fei, member of the Political Bureau of the CPC Central Committee and provincial party secretary, spoke of his personal experience as follows.

[Begin Xie Fei recording] Guangdong's position in reform and opening up has been a subject frequently discussed by people. I think we should unify our views according to General Secretary Jiang's speech in order to resolve this ideological problem and to refrain from bringing about some negative aspects in this problem. In my opinion, the present strategic policy decision of the country is the inevitable outcome of the development of reform and opening up over the past 10 years or so. Some policies previously practiced in Guangdong have been proved to be applicable to the entire country, and therefore will be disseminated nationwide. Some of them will continue to be practiced in some areas such as the open coastal areas and the special zones including Pudong, if they are practicable there. I think that this is an inevitable trend of development in our country, and it is a good trend. This is one point. It should not give rise to other ideas that will affect our sentiments.

The second point is: The development of a country cannot be limited in one area. It should certainly develop from a partial to a whole area, that is, from a certain place to the entire country. Only when the entire country has developed and become rich can a place become rich in an even more proper way. Thus, the party Central Committee and the State Council have set higher demands on the work in Guangdong rather than lowering the demands or leaving Guangdong aside. Instead, they hope that Guangdong will strive to achieve in 20 years the objectives that the entire nation should achieve in 30 to 40 years. This demand is rather high.

Then, these two points show that comrades working in Guangdong must not think that their responsibilities have become lighter, and pay less attention to them. Instead, they must feel that their responsibilities are ever heavier. That is why, I say, comrades from Guangdong must still develop the spirit of the past 10 years or so in daring to explore new ways, being bold in bringing about new ideas, emancipating the mind, and having the courage to think and act. In particular, we must sum up our work experience as well as lessons in the past 10 years or so, and make our work still more solid and effective. [end recording]

Shanghai Leaders on Implementing NPC Guidelines

OW0104060693 Shanghai People's Radio Network in Mandarin 2300 GMT 30 Mar 93

[From the "Morning News" program]

[Text] On the eve of the closing of the First Session of the Eighth National People's Congress [NPC], Shanghai Municipal CPC Committee Secretary Wu Bangguo, Shanghai Mayor Huang Ju, and Shanghai Municipal People's Congress Standing Committee Chairman Ye Gongqi, who are all deputies to the Eighth NPC, separately granted interviews to a special correspondent of this station on how to implement the First Session's guidelines after they return to Shanghai. Deputy Wu Bangguo said: Currently the whole country as well as the world are paying attention to Shanghai. Truly, Shanghai is facing opportunities as well as pressures. We must not let these opportunities pass, we should turn the pressures into a driving force, and we should strive to grasp [words indistinct] to raise Shanghai to a new level. Deputy Huang Ju said: During the First Session, Secretary General Jiang asked Shanghai to move a little quicker and to lead others in making reforms and in opening up, and to explore new ways for the socialist market economic functioning mechanisms with Chinese characteristics to develop in super-sized cities. As Shanghai mayor, I feel that my responsibility is heavy; however, I am more confident at the same time. Deputy Ye Gongqi said: The municipal people's congress first should pay attention to legislative work, especially economic legislation, and should place equal importance on legal supervision and legislative work.

Sichuan Delegation Discusses Economic Development

OW0104005693 Beijing XINHUA Domestic Service in Chinese 1523 GMT 30 Mar 93

[By reporters Chen Yun (7115 5366) and Yang Li (2799 0500)]

[Text] Beijing, 30 Mar (XINHUA)—At today's news conference for Chinese and foreign reporters held by the press center of the current sessions of the National People's Congress [NPC] and the National Committee of the Chinese People's Political Consultative Conference, Sichuan Governor Xiao Yang, who is also a deputy to the Eighth NPC, said: Shanghai is the dragon's head of the Chang Jiang [Yantze River] and Sichuan is the dragon's tail. At the first news conference, Comrade Huang Ju [mayor of Shanghai] talked about how to wield the dragon's head; today I like to brief you on how we wield the dragon's tail. Once both the dragon's head and tail begin to sway, the dragon of the Chang Jiang will begin to take off.

The Rainbow Hall of the Guoji Hotel was flooded with domestic and foreign reporters as well as reporters from Hong Kong, Macao, and Taiwan. Attending today's news conference were Sichuan Provincial Vice Governor Ma Lin, Chengdu Mayor Huang Yinglu, Chongqing Mayor Sun Tongchuan, and Xiao Yang.

Xiao Yang said: As a large inland province, Sichuan has its own features. First, river economies have developed along the four rivers in the province. Second, Sichuan has quite well-developed heavy industry and military industry; these are the province's industrial base. Third, one of Sichuan's greatest advantages is that the province is more than 2,000 km from the coast, making it a large inland market with a population of 110 million. Fourth, Sichuan has rich resources and abundant trained personnel: it has more than 60 universities and colleges and more than 1.6 million scientists and technical workers. With these advantages in trained personnel, markets, and resources, our idea is to develop Sichuan according to its features.

When asked what specific measures Sichuan will take in implementing its strategy of simultaneously opening its doors to the north, south, and east of the province, Xiao Yang said: We will take good advantage of and flexibly use the central authorities' policy asking Sichuan to open up areas along its rivers, its capital city, and other inland cities, and adopt an all-front open policy. Dongkou is a railroad pass and the Chang Jiang's golden waterway that links Sichuan to the CIS through Xinjiang. Another road leads to Chongqing, Guizhou, and Guangxi in the south. In short, we want to open up our inland passages, make use of our market advantages, and attract more investments.

A reporter asked: Sichuan carried out agricultural reform ahead of other provinces and regions in the 1970's. How will Sichuan solve the problems that have occurred in

agricultural development in the 1990's? Ma Lin said: Though Sichuan has reaped bumper agricultural harvests for several years in a row, some problems are occurring now. The major problem is that we find the stamina for a sustained agricultural development somewhat inadequate. The second problem is that peasants shoulder a heavy burden and are not enthusiastic about planting grain. To solve these problems, we must, first of all, stabilize the policy on the rural economy, arouse the enthusiasm of peasants for production, and, next, spend time and efforts on producing high yield and high quality agricultural products with high economic efficiency. And the third problem is that we must make vigorous efforts to promote development of village and town enterprises and lighten the burden on peasants. In addition, it is also necessary for us to vigorously build water conservancy projects.

The Three Gorges Project as well as resettlement and development of the dam area remained an issue followed with interest by reporters. Xiao Yang said: It is necessary for us to fulfill the task of resettlement through promoting economic development at the Three Gorges dam area and achieve economic restructuring at the dam area through resettlement. Our tentative plan is to build the Three Gorges dam area into an economic zone. With Chongqing as its center, the zone will extend to the upper reaches of the Chang Jiang, to include the six prefectures and cities along the Chang Jiang, and the several tributaries in eastern Sichuan so as to promote economic development in the area to a higher level and to create the necessary conditions for resettlement. Chongqing Mayor Sun Tongchuan said: Chongqing is the largest industrial city in the upper reaches of the Chang Jiang. The task assigned to us by the central and provincial governments is to expedite economic development in the Three Gorges dam area after construction of the Three Gorges Project starts. The six prefectures and cities, including us in Chongqing, in the dam area have conducted discussions and come up with an idea of making joint efforts to promote development and opening up in the areas along the Chang Jiang. We believe the Three Gorges dam area will certainly enjoy greater development than other areas.

Remarks on Three Gorges Project

HK0104024693 Chengdu Sichuan People's Radio
Network in Mandarin 2300 GMT 30 Mar 93

[Excerpt] Yesterday, the Sichuan National Peoples Congress [NPC] deputation held a news conference for Chinese and foreign reporters at the information center for the NPC and Chinese Peoples Political Consultative Conference [CPPCC] sessions in Beijing's Guoji Hotel. It was the last news conference following the latest NPC session and the provincial news briefing and news conference.

At the news conference, Governor Xiao Yang, Vice Governor Ma Ling, Chengdu Mayor Huang Yinkui, and Chongqing Mayor Sun Tongchuan answered reporters' questions.

A report sent from Beijing by staff reporter (Kang Qing) says that Governor Xiao Yang gave the initial opening remarks, saying that provincial news briefings for the latest NPC session had been initiated by Shanghai and had been followed lastly by Sichuan. Shanghai is the Chang Jiang's [Yantze River's] dragon head and Sichuan is the Chang Jiang's dragon tail. Shanghai has briefed us on how the dragon will move; and today, we are going to brief you on how Sichuan, as the dragon's tail, will move. If the dragon head and dragon tail move together, the dragon, namely the Chang Jiang, will take off and fly.

A XINHUA reporter asked: At this last NPC session, General Secretary Jiang Zemin and Premier Li Peng attended the Sichuan NPC delegation's discussion and gave important ideas on Sichuan's reform and opening up and economic development. What do you, Governor Xiao, think about this?

Xiao Yang said: We, the Sichuan NPC deputies, felt very happy to be able to discuss national affairs with General Secretary Jiang Zemin and Premier Li Peng. General Secretary Jiang Zemin instructed us that Sichuan has very good prospects and that it is necessary to build Sichuan into the land of abundance it once was. Premier Li Peng held that Sichuan has many advantages and should make full use of them, and that in coupling them with the industry and intelligence of Sichuan people, it surely will be possible to bring Sichuan's economy to another new height. As an inland province, Sichuan's agricultural economy depends on rivers, and it has comparatively good conditions and foundations. This, along with the defense industries and heavy industrial enterprises set up during the Third-Front Construction Period, constitutes Sichuan's foundation. Another point is the big market with a population of 110 million. Moreover, the resources in eastern Sichuan and 1.6 million scientific and technical personnel are all advantages for Sichuan. On the existing foundation, we will bring Sichuan's economy into play in light of our own characteristics.

A reporter asked: Now that Sichuan has proposed building the Three Gorges Economic Zone, what specific measures does the provincial government have to promote the formation of an economic belt in the upper reaches of the Chang Jiang? How will Chongqing city seize this opportunity to quicken development?

Xiao Yang said: The Three Gorges reservoir area contains 1 million migrants. Whether the Three Gorges project can proceed smoothly hinges on the question of migrant relocation. It is necessary to complete the task of migrant relocation by developing the economy of the reservoir area. We must readjust the economic structure of this area through migrant relocation.

Sun Tongchuan said: Chongqing is the biggest economic center and city in the upper reaches of the Chang Jiang, and the Three Gorges project presents an opportunity to Chongqing. As an old industrial city, Chongqing will further seize the opportunity, expand the extent of

openness, and develop itself, bringing along the development of the economy of eastern Sichuan.

A Taiwan reporter asked: What does Sichuan plan for its agriculture during the 1990's?

Ma Ling said: First, it is necessary to stabilize policies for the agricultural economy, lessen peasants' burdens, and bring into play peasants' initiative. In the future, Sichuan's agriculture will make efforts to ensure high yields, high quality, and high efficiency. It is necessary to improve Sichuan's agriculture and increase peasants' incomes. Moreover, it is necessary to vigorously develop township and town enterprises. In the meantime, it is necessary to continue to strengthen farmland capital construction and enhance our ability to resist and prevent natural disasters. [passage omitted]

Comments on 'Migration Plan'

HK0104025693 Beijing ZHONGGUO XINWEN SHE
in Chinese 1213 GMT 30 Mar 93

[By reporter Zhu Daqiang (2612 1129 1730) and Tian Huiming (3944 1920 2494): "Xiao Yang Says Migration for the Three Gorges Project Has Not Yet Formally Started"]

[Text] Beijing, 30 Mar (ZHONGGUO XINWEN SHE)—Sichuan Provincial Governor Xiao Yang said at a news conference today that the migration work for the Three Gorges Project, which is attracting attention both at home and abroad, has not yet formally started. He added that only some experiments in limited areas have been made.

Xiao Yang continued: The decision on the migration plan for the Three Gorges project will be made at a special meeting, which will be held soon.

He asked Sun Tongchuan, the mayor of Chongqing who was also present at the conference, to explain the work. The latter said that migration in this area was being considered on the basis of the principle of migration for development. The main point is to resolve the migration problem by developing the economy and providing employment opportunities. Sichuan will have to relocate more than 1 million people to construct the Three Gorges project. We hope the central authorities will arrange more projects in the overall planning for the reservoir area.

Xiao Yang maintained that it is necessary to establish a Three Gorges economic zone in conjunction with the construction of the Three Gorges project and to make overall planning for the economic development of the entire reservoir area.

Leaders' Nomination Process at NPC Detailed

OW3103151093 Beijing XINHUA in English 1426
GMT 31 Mar 93

[Text] Beijing, March 31 (XINHUA)—After three rounds of election, the First Session of the Eighth National People's Congress (NPC), China's parliament, has chosen a new lineup of state leaders.

Preparations for leaders selection began even before the convening last October of the 14th National Congress of the Communist Party of China (CPC).

When the party was considering candidates for its own leaders to be elected by its 14th National Congress, it produced an overall tentative plan for a new lineup of state leaders, including nominations for the state president, chairman of the Standing Committee of the Eighth NPC, premier, chairman of the Central Military Commission of the People's Republic of China (PRC) and chairman of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC).

President Yang Shangkun, who is at an advanced age, was not nominated according to his own wish. The CPC Central Committee nominated party chief Jiang Zemin as candidate for president. The nomination of Rong Yiren as vice-president is intended to promote the multi-party cooperation system led by the CPC.

Wan Li, chairman of the Seventh NPC Standing Committee, was not nominated, also in accordance with his own wish, and Qiao Shi was nominated.

Li Peng, the premier, was nominated as candidate for the premier of the new cabinet.

Li Xiannian, chairman of the Seventh National Committee of the CPPCC, was dead. Li Ruihuan was nominated candidate for CPPCC chairman.

Views were sought on lists of nominees from Deng Xiaoping and other veteran leaders, who expressed approval.

At the same time, the CPC Politburo and its Standing Committee held meetings to discuss the nominations for the NPC and CPPCC leadership.

They decided that former NPC Standing Committee members aged above 71 years will generally not be nominated as candidates and new nominees will generally be under the age of 67, with exceptions to be made for public figures who are not Communist Party members.

It was also decided that former members of the CPPCC National Committee aged above 73 will not be nominated as candidates, and the age of new nominees will be under 68, with exceptions to be made for public figures who are not Communist Party members and have cooperated with CPC for a long time.

Recommended by various social circles later were more than 300 candidates for the NPC Standing Committee, and 4,500 candidates for the CPPCC National Committee, of whom, 2,000 are not Communist Party members. For the CPPCC Standing Committee, 500 candidates were nominated by all sectors.

After discussions and consultations, the CPC Central Committee finally decided on final candidate lists: Among the candidates for the Eighth NPC Standing Committee, 99, or over 70 percent of the total, are new ones; the average age of the committee nominees is 64.5, 2.9 years younger than that of members of the previous one, and 76.6 percent of them are college graduates.

Among 2,093 nominees for the Eighth CPPCC National Committee, 1,052, or 50.3 percent of the total, are new ones; 1,239, or 60.3 percent of the total, are not Communist Party members, and 64 percent are college graduates.

The Eighth CPPCC National Committee has a new group—the economic circle group—and people from ten more minority nationalities were nominated, compared with the last National Committee, making all the 56 nationalities in the country represented in the CPPCC National Committee.

Among nominees for the CPPCC Standing Committee, 167, or 58 percent of the total, are new ones.

On March 6 this year, Jiang Zemin called a meeting to consult on the nominations with leaders of the non-Communist parties, the All-China Federation of Industry and Commerce, and representatives from ethnic minority nationalities, religious circles and leaders of mass organizations.

At the meeting, participants gave their consent to the lists of candidates for state and CPPCC leaders.

The meeting participants expressed the view that the nominations, when confirmed, will be beneficial to enhancing CPC leadership over state affairs, implementing and improving the people's congress system, promoting the multi-party cooperation system led by CPC and strengthening unity among all nationalities.

The overwhelming majority of the deputies to the Eighth NPC favored the nominations and gave consent to the lists.

Nominees for the CPPCC leaders had all been elected before the election of state leaders by the NPC session.

Qiao Shi Meets Hong Kong, Macao Deputies
OW3103134893 Beijing XINHUA in English 1311
GMT 31 Mar 93

[Text] Beijing, March 31 (XINHUA)—The newly-elected chairman, vice-chairmen and secretary-general

of the Standing Committee of the Eighth National People's Congress (NPC) met with Hong Kong and Macao deputies to NPC in the Great Hall of the People here this morning.

Chairman Qiao Shi said, in the next five year, China's economy will be raised up to a new level. Describing the five-year plan as inspiring, he said, "we have to work hard and overcome difficulties to realize the goal."

"The legislation, supervision, democracy and legal system construction should also be raised to a new level," he said, noting the work is an arduous one.

He pointed out that in the five-year term of the Eighth NPC, China will resume exercise of sovereignty over Hong Kong in accordance with the Sino-British Joint Declaration on Hong Kong issue.

"We will overcome difficulties to realize a smooth return of Hong Kong to the Chinese sovereignty and ensure its prosperity and stability," he said.

He said the current session of NPC will adopt the Basic Law of the Macao Special Administrative Region. There will be much work to do in the next five years in order to realize the smooth return of Macao to the motherland under the guidance of the Basic Law, Qiao added.

He expressed the hope the deputies will make joint efforts and more contribution to the smooth return of Hong Kong and Macao to the Chinese sovereignty.

Report on Closing of Eighth NPC First Session

OW3103204993 Beijing XINHUA Domestic Service in Chinese 1325 GMT 31 Mar 93

[Text] Beijing, 31 Mar (XINHUA)—Following the approval of the Government Work Report and completion of other agenda items, the First Session of the Eighth National People's Congress [NPC] closed this afternoon at the Great Hall of the People.

The session called on people of all nationalities in the nation to closely rally around the Communist Party of China and, guided by the theory of building socialism with Chinese characteristics and by the party's basic line, to rise with force and spirit; to be of one heart and mind; to carry out the hard struggle; to have an exploring and enterprising spirit; and to strive for new and still bigger victories in reform, opening, and modernization construction.

The session's resolution on the Government Work Report stressed that the next five years will be a crucial period for our country to realize the second-step strategic objective of modernization construction. The State Council and various levels of local governments are urged to comprehensively implement the guidelines set forth at the 14th CPC National Congress; to seize the favorable opportunity; and to accelerate the pace of reform, opening, and modernization construction.

The chairman, vice chairmen, and secretary general of the Standing Committee of the Eighth NPC assumed the executive chairmanship of today's meeting and were seated in the front row of the rostrum. They are: Qiao Shi, Tian Jiyun, Wang Hanbin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Qin Jiwei, Li Ximing, Wang Bingqian, Pagbalha Geleg Namgyai, Wang Guangying, Cheng Siyuan, Lu Jiaxi, Buhe, Tomur Dawamat, Li Peiyao, Wu Jieping, and Cao Zhi.

Qiao Shi, executive chairman of today's meeting, presided over today's closing ceremony. President Jiang Zemin delivered an important speech at the meeting.

Yang Shangkun, Li Peng, Wan Li, Li Ruihuan, Zhu Rongji, Liu Huaqing, Hu Jintao, Rong Yiren, Yao Yilin, and others were seated at the rostrum.

During the 17-day session, deputies deliberated various agenda items centering on the government work report, which Premier Li Peng delivered on behalf of the State Council. The session held that the report's summing up of the past five years of work is in line with reality, that the tasks as set forth for the next five years in the report are attainable through efforts, and that the readjustment of major targets set in the Eighth Five-Year Plan and the upward readjustment of the average annual national economic growth rate from 6 percent to 8-9 percent are appropriate. Deputies expressed satisfaction over the work of the State Council's previous term.

At 1500, Qiao Shi declared the beginning of the meeting. He said 2,882 deputies attended today's meeting, thus forming a quorum.

Through voting machines, the meeting adopted the resolution on the Government Work Report, the resolution on the 1992 National Economic and Social Development Plan and the 1993 plan, the resolution on the execution of the 1992 state budget, and the 1993 state budget.

Agenda items that were put to the vote at this session included: The Basic Law of the Macao Special Administrative Region [SAR] of the PRC, including three appendixes, the flag, and the design for the region's insignia; the decision on the establishment of the Macao SAR; the decision on the Basic Law of the Macao SAR of the PRC; the decision on the method of forming the first term of government, Legislative Council, and judicial organs of the Macao SAR; and the decision on approving the suggestion advanced by the drafting committee of the Basic Law for the Macao SAR on the establishment of a Macao SAR Basic Law Committee under the NPC Standing Committee. The above agenda items were adopted after putting them to the vote one by one at today's meeting.

During the session, deputies also deliberated a proposal put forward by the Guangdong delegation on forming a preparatory work committee for the Hong Kong SAR Preparatory Committee. According to a decision adopted at the Third Session of the Seventh NPC on 4

April 1990 on the method of forming the first term of government and Legislative Council of the Hong Kong SAR, which stipulated that the NPC establish the Hong Kong SAR Preparatory Committee in 1996, and considering the time for our country's restoration of the right to exercise sovereignty over Hong Kong in 1997 is drawing near day by day, and to ensure a smooth transition in 1997, there is a massive amount of preparatory work to do. After voting, today's meeting adopted a resolution on authorizing the NPC Standing Committee to establish a preparatory work organ for the Hong Kong SAR Preparatory Committee, on authorizing the Eighth NPC Standing Committee to establish a preparatory work organ for the Hong Kong SAR Preparatory Committee, and on authorizing them to begin relevant preparatory work.

The meeting also voted on and adopted a resolution on the work report of the NPC Standing Committee, a resolution on the work report of the Supreme People's Court, and a resolution on the work report of the Supreme People's Procuratorate.

The entire hall burst into warm applause when the above resolutions were passed.

Following the passage of those resolutions, President Jiang Zemin and Qiao Shi, chairman of the Standing Committee of the Eighth NPC, each delivered a speech.

President Jiang Zemin said that he sincerely thanked all deputies and people of all nationalities in the nation for their trust in him and for electing him President of the People's Republic of China. He said the president assumes great responsibility. He will loyally fulfill the responsibility entrusted upon him by the constitution, try his best to perform his duties, work very hard, and live up to the great expectations of all deputies and of all the people in the nation.

Jiang Zemin said that during his presidency, Comrade Yang Shangkun resolutely upheld the theory of building socialism with Chinese characteristics, adhered to the party's basic line, devoted himself to the construction and reform of the country, and won respect from the people in the nation, as well as praise from the international community for his outstanding and effective work. He extended his heartfelt thanks and respects to Comrade Yang Shangkun.

At this, the entire hall burst out in warm applause.

Upon completing his speech, President Jiang Zemin warmly shook hands with and embraced former President Yang Shangkun. The hall again resounded with a long period of warm applause.

Chairman Qiao Shi then took the floor. He said the session had elected him chairman of the Standing Committee of the Eighth NPC. It also elected vice chairmen, the secretary general, and members. This is the trust that the deputies and the people of all nationalities have placed in us, for which we want to express our heartfelt

thanks. We will surely live up to the heavy responsibility and the expectations that the deputies and the people of all nationalities have placed in us. We will, along with all deputies, devote all of our energy in our work in a spirit of showing a high sense of responsibility to the nation and to the people and in strict accordance with the stipulations of the Constitution and the law.

Qiao Shi said that during his chairmanship of the Standing Committee of the Seventh NPC, Comrade Wan Li had resolutely upheld the theory of building socialism with Chinese characteristics, adhered to the party's basic line, worked very hard, dutifully performed his duties, greatly contributed to the acceleration of the pace of reform and opening up, and promoted the building of socialist democracy and the legal system. When Qiao Shi extended lofty respects to Comrade Wan Li on behalf of the Eighth NPC and heartfelt respect and thanks to the vice chairmen and members of the Standing Committee of the Seventh NPC, as well as to the deputies of the Seventh NPC, the entire hall again burst into warm applause.

At 1625, the meeting ended while the national anthem was played.

Also seated at the rostrum today were: Ding Guangen, Li Lanqing, Li Tieying, Yang Baibing, Wu Bangguo, Zou Jiahua, Chen Xitong, Jiang Chunyun, Qian Qichen, Wei Jianxing, Xie Fei, Wen Jiabao, Ren Jianxin, Zhang Zhen, Chi Haotian, Song Jian, Li Guixian, Chen Junsheng, Ismail Amat, Peng Peiyun, Luo Gan, Zhang Siqing, Ye Xuanping, Wu Xueqian, Yang Rudai, Wang Zhaoguo, Ngapoi Ngawang Jigme, Seypidin Aze, Hong Xuezhi, Qian Weichang, Qian Zhengying, Sun Fuling, Huo Yindong, and Ma Wanqi.

Responsible persons from the leading organs of the CPC Central Committee, the central government, and the military and responsible persons of democratic parties and mass organizations attended today's meeting as observers.

Foreign envoys in China also attended the meeting as observers.

Resolution Approves Government Work Report

OW3103155393 Beijing XINHUA Domestic Service in Chinese 1101 GMT 31 Mar 93

[Text] Beijing, 31 Mar (XINHUA)—Resolution of the First Session of the Eighth National People's Congress [NPC] on the Government Work Report:

Adopted by the First Session of the Eighth NPC on 31 March 1993:

The First Session of the Eighth NPC has examined the Government Work Report delivered by Premier Li Peng on behalf of the State Council. The session decided that the report made a realistic summation of the work of the past five years, that the tasks it put forward for the next five years can be accomplished through hard work, and

that the readjustment of the main target of the Eighth Five-Year Plan and the raising of the annual economic growth rate from the original 6 percent to 8-9 percent are appropriate. The session has decided to approve this report. The session expressed satisfaction with the work of the State Council prior to the establishment of the new State Council.

The session stressed: The next five years will comprise a crucial period for the realization of the second-step strategic objective of modernization in China. The State Council and local governments at all levels must implement in an all-around way the guidelines of the 14th CPC National Congress and seize this opportune time to speed up reform, opening to the outside world, and the modernization drive. In areas where conditions permit, this work should be accelerated. In areas where conditions do not permit, efforts should be made to create conditions for speeding up development. Nevertheless, all should proceed from reality and try to avoid competing with one another recklessly. Efforts should be made to achieve a fairly rapid rate of economic growth on the basis of optimizing structures, achieving technological progress, improving management, and heightening efficiency. On the basis of making use of all positive factors, bringing the initiative of the masses into play, and doing practical and solid work, it is necessary to realize the grand objective of quadrupling the GNP in order to raise the national economy to a new level.

The session pointed out: The objective of our country's economic restructuring is the establishment of a socialist market economy. We must deepen the reform of the [words indistinct] and resolving problems encountered during the course of our advance. We should open wider to the outside world and resolutely and unswervingly develop and perfect a multi-layered, all-embracing open structure.

The session stressed: Agriculture is an important matter which has a bearing on social stability and on the economic situation as a whole. Under no circumstance should we slacken our efforts in agriculture. We should make agriculture the first item in our economic work and strengthen leadership and guidance over agriculture. We should stabilize fundamental state policies concerning rural areas, continually deepen rural reform, unswervingly uphold and perfect the responsibility system with the household contract system that links output to remuneration as the main form and the dual-layered operating system that combines unified and collective management, and gradually increase the collective strength. We should rationally adjust the structure of agricultural production and, on the basis of maintaining a stable growth in total output, vigorously develop a type of farming that provides high yields of fine quality with maximum efficiency. We should increase investments in agriculture, improve farming conditions, and strengthen the construction of agricultural infrastructure. We should vigorously develop village and township enterprises and give particular support to the development of village and township enterprises in the central and

western regions, as well as in the national minority areas. We should attach great importance to, and also adopt effective measures to resolve, problems—problems such as the widening of the gap between the prices of industrial and agricultural products, as well as the unreasonable collection of fees, fund-raising, setting of quotas, and imposition of fines, which exist universally in the countryside—in order to truly lighten peasants' burden, protect their interests, and enhance their enthusiasm for production.

The session demanded: Governments at all levels should attach importance to doing things according to objective economic laws, be ready to grasping focal points and weak links, and strive to maintain the coordinated and sustained growth of the national economy. We should concentrate essential material and financial resources on accelerating construction of the infrastructure and basic industries of transportation, posts and telecommunications, energy, and major raw and semi-finished materials. We should continue to place education in a strategic position for priority development, while striving to create a new situation in educational work. We should conscientiously implement the guiding ideology that science and technology are the primary productive force, and we should vigorously advance scientific and technological undertakings. We should bring into play the role of various economic sectors in quickening the development of tertiary industries. On the basis of developing the economy, we should gradually improve the people's livelihood.

The session demanded: We should strive to promote development in all fields of social endeavor and bring about all-around progress within society. We should persist in the principle of grasping two links at the same time and being tough in intensifying the building of socialist spiritual civilization along with heightening the building of a socialist democracy and legal system. We should continue to conduct in-depth education on democracy and the legal system among all citizens, strengthen the concept of laws, crack down on crimes according to the law, resolutely investigate and prohibit ugly social phenomena, further coordinate the efforts of various quarters to improve public order, correctly handle contradictions among the people in the new period, and consolidate and develop a political situation of stability and unity. We should arm the minds of cadres and people at large with the theory of building socialism with Chinese characteristics; step up ideological education on patriotism, collectivism, and socialism; enhance the cohesive power of the Chinese nation; and strive to foster a fine general conduct of society. We should pay close attention to family planning and environmental protection, and we should rationally utilize natural resources. While concentrating efforts on promoting economic construction, we should actively advance defense modernization. We should earnestly implement the law of autonomy for nationality regions, and we should promote equality, unity, and common prosperity among all nationalities. We should step up the

construction of clean and diligent administration, persistently carry out the anti-corruption drive, go all-out to rectify unhealthy tendencies in departments and various trades and professions, improve work style, and strive to serve the people.

The session pointed out: We will steadfastly implement the principle of "peaceful reunification" and "one country and two systems," and we will strive to realize the early reunification of the motherland. We will maintain the long-term stability and prosperity of Hong Kong and Macao, and resolutely oppose the Hong Kong British authorities' creation of obstacles to China's resumption of sovereignty over Hong Kong in 1997. We will resolutely oppose "two China's," "one China and one Taiwan," and "one country and two governments" in any form, and we will create the conditions for peaceful reunification.

The session pointed out: We will, as in the past, implement an independent and peaceful foreign policy, develop friendly and cooperative relations with all countries in the world on the basis of the five principles of peaceful coexistence, oppose hegemonism and power politics, and continue to make our share of contributions to safeguarding world peace and promoting the progress of mankind.

The session called on the Chinese people of all nationalities to rally closely around the CPC, and, under the guidance of the theory of building socialism with Chinese characteristics and the party's basic line, heighten spirits, work hard with one heart and one mind, and forge ahead courageously in winning still greater victories in reform, opening up, and modernization!

NPC Resolution on Economic, Social Development

OW0104050393 Beijing XINHUA Domestic Service in Chinese 1101 GMT 31 Mar 93

[Text] Beijing, 31 Mar (XINHUA)—The Resolution of the First Session of the Eighth National People's Congress [NPC] on the Economic and Social Development in 1992 and on the 1993 Economic and Social Development Program—adopted on 31 March by the First Session of the Eighth NPC.

After examination and discussion and according to the examination report of the NPC Financial and Economic Committee, the First Session of the Eighth NPC has decided to approve the State Council's 1993 Economic and Social Development Program and the "Report on the Economic and Social Development in 1992 and on the Draft 1993 Plan," which was made by Zou Jiahua, vice premier of the State Council and minister in charge of the State Planning Commission.

Resolution on 1992 Budget Execution, 1993 Budget

OW0104050493 Beijing XINHUA Domestic Service in Chinese 1100 GMT 31 Mar 93

[Text] Beijing, 31 Mar (XINHUA)—The Resolution of the First Session of the Eighth National People's Congress [NPC] on the Execution of the 1992 State Budget and on the 1993 State Budget—adopted on 31 March by the First Session of the Eighth NPC.

After examination and discussion and according to the examination report of the NPC Financial and Economic Committee, the First Session of the Eighth NPC has decided to approve the State Council's 1993 state budget and the "Report on the Execution of the 1992 State Budget and on the Draft 1993 State Budget," which was made by Finance Minister Liu Zhongli. The session authorizes the NPC Standing Committee to examine and approve the 1992 final account of the state.

Methods for Forming Macao SAR Government Adopted

OW3103150593 Beijing XINHUA in English 1402 GMT 31 Mar 93

[Text] Beijing, March 31 (XINHUA)—A preparatory committee for Macao Special Administrative Region (SAR) shall be established by the National People's Congress (NPC) to prepare the establishment of the SAR.

A decision to this effect was adopted here this afternoon by the first session of the Eighth NPC. The preparatory committee shall formulate specific methods for forming the first government, legislative council and court of the Macao SAR in accordance with this decision.

According to the decision, the preparatory committee shall be composed of mainland members and of Macao members who shall constitute no less than 50 per cent of its membership, its chairman and members shall be appointed by the NPC Standing Committee.

The first government, legislative council and court of the Macao SAR should be formed in accordance with the principles of state sovereignty and smooth transition, the decision says. The preparatory committee for the Macao SAR shall be responsible for preparing the establishment of the selection committee for the first government of the Macao SAR.

The selection committee shall be composed entirely of permanent residents of Macao and must be broadly representative. It shall include Macao deputies to the NPC, representatives of Macao members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), persons with practical experience who have served in Macao's executive, legislative and advisory organs prior to the establishment of the Macao SAR, and persons representative of various strata and sectors of society.

The selection committee shall be composed of 200 members, with 60 from industrial, commercial and financial sectors, 50 from cultural, educational and professional circles, 50 from labor, social service and religious sectors and 40 from former political figures. Macao deputies to the NPC and representatives of Macao members of the CPPCC National Committee.

The selection committee shall recommend the candidate for the first chief executive through local consultations or through nomination and election after consultations, and report the recommended candidate to the central people's government for appointment. The term of the office of the first chief executive shall be the same as the regular term.

The chief executive of the Macao SAR shall be responsible for preparing the formation of the first government of the Macao SAR in accordance with the basic law of the Macao SAR.

The first legislative council of the Macao SAR shall be composed of 23 members, with eight members returned through direct election, eight returned through indirect election and seven appointed by chief executive.

If the composition of last Macao Legislative Council before the establishment of the Macao SAR is in conformity with relevant provisions of this decision and the Basic Law of the Macao SAR, those of its elected members who uphold the basic law and pledge allegiance to the Macao SAR, and who meet the requirements set forth in the basic law may, upon confirmation by the preparatory committee, become members of the first legislative council.

The term of office of the first legislative council of the Macao SAR shall end on October 15, 2001.

According to the decision, the preparatory committee shall also be responsible for preparing establishment of the Macao SAR court in accordance with the basic law.

NPC Decision Establishes Macao Special Zone

OW0104034593 Beijing XINHUA Domestic Service in Chinese 1100 GMT 31 Mar 93

[Text] Beijing, 31 Mar (XINHUA)—The Decision of the National People's Congress [NPC] on Establishing the PRC Macao Special Administrative Zone—adopted on 31 March by the First Session of the Eighth NPC.

According to the stipulations in Article 31 and Item 13 of Article 62 of the "Constitution of the People's Republic of China", the First Session of the Eighth NPC has decided:

1. To establish the Macao Special Administrative Zone starting 20 December 1999;
2. That the Macao Special Administrative Zone will include the Macao Peninsula, the Ganzi Island, and the Luhuan Island. The administrative district map of the

Macao Special Administrative Zone will be announced separately by the State Council.

Supreme People's Court Work Report Approved

OW0104015693 Beijing XINHUA Domestic Service in Chinese 1215 GMT 31 Mar 93

[Text] Beijing, 31 Mar (XINHUA)—Resolution of the First Session of the Eighth National People's Congress [NPC] on the Work Report of the Supreme People's Court:

Adopted by the First Session of the Eighth NPC on 31 March 1993:

The First Session of the Eighth NPC has approved the "Work Report of the Supreme People's Court," delivered by President Ren Jianxin.

Resolution Approves Procurator General's Report

OW0104015593 Beijing XINHUA Domestic Service in Chinese 1215 GMT 31 Mar 93

[Text] Beijing, 31 Mar (XINHUA)—Resolution of the First Session of the Eighth National People's Congress [NPC] on the Work Report of the Supreme People's Procuratorate:

Adopted by the First Session of the Eighth NPC on 31 March 1993:

The First Session of the Eighth NPC has approved the "Work Report of the Supreme People's Procuratorate," delivered by Procurator General Liu Fuzhi.

Speech by Qiao Shi at Closing of NPC

OW3103152293 Beijing XINHUA Domestic Service in Chinese 0922 GMT 31 Mar 93

[Speech by Qiao Shi, chairman of the National People's Congress Standing Committee, at the closing of the First Session of the Eighth National People's Congress in Beijing on 31 March]

[Text] Beijing, 31 Mar (XINHUA)—Fellow deputies:

With the concerted efforts of all deputies, the First Session of the Eighth National People's Congress (NPC) has accomplished its scheduled tasks and achieved complete success.

The current session has given full play to democracy and handled various matters strictly in accordance with the law, and everyone has spoken freely. It has been a grand meeting of democracy, unity, seeking truth, and striving for progress. Based on the fundamental interests of people of various nationalities, deputies have conscientiously fulfilled their duties entrusted to them by the Constitution and law with a high sense of responsibility as the masters of the country, and have adopted various resolutions and decisions. They have fully represented the will of the people of various nationalities in the

whole country. The "Government Work Report" made by Premier Li Peng, examined and approved by the session, has clearly put forward the tasks of reform and construction in our country for the next five years. The fulfillment of those tasks will bring our country's national economy to a new, high level. The session has examined and approved the constitutional amendments. This is a great achievement of profound significance. The amended Constitution will play a tremendous role in the great cause of building socialism with Chinese characteristics. The session has examined and approved the Basic Law for the Macao Special Administrative Region, which represents the interests of people of all nationalities in the country, including compatriots in Macao. Like the Basic Law for the Hong Kong Special Administrative Region, it will be recorded in the annals of Chinese history. The decision deliberated and approved by the session on entrusting the NPC Standing Committee to establish a preliminary work organ for the preparatory committee for the Hong Kong Special Administrative Region is conducive to ensuring the stable transition of power in Hong Kong and China's reassuming sovereignty in 1997. All deputies, through full deliberation and repeated consultations, have elected and made decisions on leading personnel for the new central state organs in accordance with the law. The new leadership has provided organizational guarantees for serving as a link between the past and future, for carrying forward our cause and forging ahead into the future, and for accelerating the pace of reform, opening up, and modernization. The session will certainly further inspire and encourage people of various nationalities in the whole country to fulfill various tasks set by the 14th CPC National Congress and the current NPC with full confidence.

The session has elected me chairman of the NPC Standing Committee and elected the vice chairmen, secretary general, and members of the NPC Standing Committee. This is the trust placed in us by deputies and people of various nationalities across the country, and we wish to express our heartfelt gratitude. We will certainly live up to the high expectations of deputies and people of various nationalities across the country. Together with all deputies we will strive to do a good job in our work—strictly in accordance with stipulations of the Constitution and law—with a high sense of responsibility to the State and the people.

In the past five years, the Seventh NPC and its Standing Committee firmly adhered to the guiding theory of building socialism with Chinese characteristics and the party's basic line; conscientiously exercised the rights entrusted by the Constitution; and considered the work of guaranteeing and promoting reform and opening up as the primary duty, and the work of strengthening socialist democracy and legal system as the fundamental task. The Seventh NPC and its Standing Committee played an important role in ensuring the smooth progress of reform, opening up, and modernization drive. Comrade Wan Li, during his tenure of office as chairman of the

Seventh NPC Standing Committee, firmly adhered to the theory of building socialism with Chinese characteristics and the party's basic line; worked hard; faithfully performed his duties; and made important contributions to speeding up reform and opening up, and to promoting socialist democracy and legal system. Please allow me, on behalf of the Eighth NPC, to extend our highest respect to Comrade Wan Li! We also wish to express our sincere respect and gratitude to various vice chairmen and members of the Seventh NPC Standing Committee and all deputies to the Seventh NPC!

The five years of the Eighth NPC will be a crucial period for the establishment of China's socialist market economic system and the achievement of the second-step strategic objectives of the modernization drive. The Eighth NPC should, on the basis of the work done by the previous NPC's, continue to uphold the theory of building socialism with Chinese characteristics and the party's basic line; carry out—around the central task of economic development—the responsibilities vested in it by the Constitution and law in an all-around manner; promote socialist democracy; consolidate and develop the political situation characterized by stability and unity; guarantee and promote the smooth progress of reform, opening up, and the modernization drive; and mobilize the people of all nationalities across the country to make new and greater contributions to the accomplishment of the goal of quadruplication ahead of time, to the implementation of the basic national policy of "peaceful reunification and one country, two systems," and to the great cause of reunification of the motherland.

Strengthening socialist democracy and the legal system is an important guarantee for accomplishing China's four modernizations. Without democracy or the legal system, there would be no socialism or socialist modernization. As early as in 1978, Deng Xiaoping said that we must strengthen the legal system in order to guarantee people's democracy. Democracy must be institutionalized and codified into laws so that this system and its laws will not change with a change of leadership, nor with changes in their viewpoints and attention. This is a very important guiding ideology for strengthening socialist democracy and the legal system. Socialism has, fundamentally speaking, paved the way for fully guaranteeing the rights of the people as masters of the country and for pushing democracy to a new historical height. In view of China's actual conditions, this will be a process of continuous progress and development as well as an urgent task facing us. We must make unremitting efforts in this regard in order to further expand socialist democracy and improve the socialist legal system. Our Constitution stipulates that all power in the Republic belongs to the people. A nation will prosper only if its people are its masters; organs of state are effective only when they have the support of the people. The people's congress system is the best form of organization for people to exercise their rights as masters of the country. The Eighth NPC will continue to take the development of socialist democracy and improvement of the legal system as its fundamental task, and work hard to bring about rather great

advances in socialist democracy and the legal system. We must uphold and perfect the system of people's congresses, and strengthen the functions of people's congresses and their standing committees so that the NPC will carry out its sacred lofty responsibilities as the supreme organ of state power.

Establishing a socialist market economic system is a road we must take to speed up China's economic development. We need a complete set of laws to guarantee the establishment and improvement of a socialist market economic system. The Eighth NPC—while focusing on deepening reform, opening up wider to the outside world, and establishing a socialist market economic system—will accelerate the pace of legislation in the spirit of reform and, in particular, give highest priority to economic legislation. We should formulate, as early as possible, laws governing the conduct of participants in the market, safeguarding the order of the market and the economy, perfecting macro-control, and providing social security. Laws already on the books that are not suited to the needs of a socialist market economy should be revised or abolished. We should boldly draw on, absorb, and make use of the legislative experience and achievements of foreign countries, especially the economically developed ones. We will strive, during the term of the current NPC, to initially establish a complete set of laws governing the socialist market economy to help promote and guarantee its development. Meanwhile, we must also step up efforts in formulating laws that guarantee citizens' democratic rights; punish crimes; safeguard public order; help maintain administrative honesty; and promote scientific, educational, and cultural development as well as national defense.

Supervising the enforcement of the Constitution and the law and work of the State Council, the Supreme People's Court, and the Supreme People's Procuratorate are important responsibilities that the Constitution has entrusted to the NPC and its Standing Committee. The Eighth NPC will enhance supervision over the enforcement of the Constitution and the law and safeguard the dignity of the Constitution and unity of the legal system. It will exert great efforts to rectify such phenomena as the failure to follow the law, the failure to strictly enforce the law, and the failure to investigate cases that break the law, as well as such phenomena as law enforcers breaking the law, orders being regarded as law, and using one's power to obstruct law enforcement. It is necessary to enhance supervision over the work of administrative, judicial, and procuratorial organs; to sum up experiences of supervision work; and institutionalize and regularize supervision work.

Strengthening the building of the NPC is an important condition for giving play to the role of the NPC as the state's supreme power organ. The people have entrusted us with heavy responsibilities. We must be responsible to the people in a down-to-earth manner; always uphold the spirit of seeking truth from facts; refrain from indulging in empty talk, being formalistic, and doing superficial work; and perform our duties in a down-to-earth

manner. We should forge close ties with the masses, better represent the people's interests and will, and accept the people's supervision. Members of the Standing Committee will step up contacts with deputies and will try their best to create conditions for deputies to perform their duties and discharge their responsibilities. We will vigorously implement the principle of democratic centralism and persist in exercising our functions and powers according to law. The construction of special commissions will be stepped up to better bring their roles into play. We will strive to do a still better job to improve the organization and system of the NPC and its Standing Committee and to raise their work efficiency and the level of their decisionmaking.

The foreign affairs work of the NPC and its Standing Committee is the main part of our country's foreign work. The NPC and its Standing Committee will actively carry out exchanges with parliaments of foreign countries, strive to enhance understanding and friendship with foreign parliaments and people, and promote the development of friendly and cooperative relations with foreign parliaments and foreign countries.

Deputies, our tasks are glorious yet arduous. As long as we work hard with one heart and one mind, we will surely realize our goals. It is hoped that you, after returning to your posts, will vigorously spread and implement various resolutions and decisions adopted at this session and strive to accomplish the sacred mission that is entrusted upon us by history. Let us, more than ever, rally closely around the CPC Central Committee with Comrade Jiang Zemin as the nucleus and strive to score a still bigger victory for the socialist cause with Chinese characteristics!

Deputies, we have completed all of this session's agenda items. Now I declare: The First Session of the Eighth NPC closes in victory!

Army Circular Urges Studying NPC Guidelines

OW0104055093 Beijing XINHUA Domestic Service in Chinese 1209 GMT 31 Mar 93

[Text] Beijing, 31 Mar (XINHUA)—The General Political Department [of the People's Liberation Army] issued a circular today, calling on all units of the Army to conscientiously relay and study the guidelines laid down by the First Session of the Eighth National People's Congress [NPC] and actively take the initiative to do a good job of building and reforming the Army so as to provide a strong guarantee for the safety of China's reform, opening to the outside world, and economic construction.

The circular noted: The First Session of the Eighth NPC was convened after the 14th CPC National Congress and at an important moment when China has entered into a new stage of vigorous development in its reform, opening to the outside world, and modernization. It is a successful meeting marked by unity and is a meeting that carries forward the revolutionary cause pioneered by our

predecessors and forges ahead into the future. Conscientiously relaying and studying the guidelines of the session has extremely important significance for us in educating the officers and men of the whole Army in having a clear understanding of the situation as well as their responsibilities, more closely than ever rallying around the party's Central Committee and the Central Military Commission with Comrade Jiang Zemin as the nucleus, and seizing the opportunity to go all out to make the country strong and promote our Army's modernization.

The circular stressed: In relaying and studying the guidelines laid down by the First Session of the Eighth NPC, it is necessary for us to be guided by the guidelines of the 14th CPC National Congress, closely focus our attention on the theme of seizing the opportunity to accelerate development, use the Government Work Report delivered by Premier Li Peng and the important speech delivered by Chairman Jiang Zemin of the Central Military Commission at a plenary session of the delegation of the People's Liberation Army [PLA] as the main contents, combine these studies with study of the speeches delivered by other leading cadres of the Central Military Commission at the meeting of the PLA delegation, acquire a correct understanding of the great achievements scored by our country in carrying out reform and the open policy as well as modernization in the past five years, and further strengthen our confidence in building socialism with Chinese characteristics. It is necessary for us to define the objectives and tasks to be fulfilled by our country in carrying out reform and construction in the next five years, conscientiously serve the needs of the overall situation of national economic construction, resolutely support reform and opening to the outside world, and make new contributions to enabling our motherland to become prosperous and powerful. It is necessary for us to have a clear understanding of the historical responsibility shouldered by the Army in furthering the great cause of bringing about peaceful reunification of the motherland and safeguarding world peace, define the basic requirements for promoting modernization of our national defense, and actively take the initiative to do a good job of building and reforming the Army so as to provide a strong guarantee for the safety of China's reform, opening to the outside world, and economic construction.

The circular made specific arrangements for the methods of relay and study. It required the party committees and political organizations at all levels to make comprehensive arrangements and organize relay and study in real earnest by looking upon relaying and implementation of the guidelines laid down by the First Session of the Eighth NPC as a matter of great importance for the deep-going implementation of the guidelines of the 14th CPC National Congress.

The circular urged all units of the Army to closely integrate practice with study, conscientiously have cadres and fighters reach a common understanding of the guidelines of the NPC session, bring into full play the initiative of the Army units, and encourage them to carry

forward the fine traditions of the old Red Army and the "five kinds of revolutionary spirit," successfully carry out various tasks by making education and training the central task, and enhance their combat effectiveness in an all-around way in the course of relay and study.

RENMIN RIBAO on Conclusion of NPC, CPPCC

CM0104173293 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 1 Apr 93 p 2

[1 April editorial: "March United Toward the Set Target—Hailing the Close of the First Sessions of the Eighth NPC and the Eighth National Committee of the CPPCC"]

[Text] The First Sessions of the Eighth National People's Congress [NPC] and of the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC] have come to a successful conclusion.

We warmly congratulate the "two sessions" on their complete success! The NPC deputies and the CPPCC members participating in the two sessions, justifying the great trust placed in them by the people of all nationalities across the country, conscientiously carried out their duty of participating in the administration and deliberation of state affairs; by pooling the wisdom and efforts of everyone, they adopted a series of important resolutions and decisions, turning the "two sessions" into meetings of democracy, unity, advancement, and truth-seeking, thus making important contributions to promoting socialist democracy and building the legal system. The revisions to the Constitution, the fundamental law of the state, made by the amendments to the Constitution of the People's Republic of China, which were adopted by the NPC session, gave prominence to the theory of building socialism with Chinese characteristics and the party's basic line, and made the practice of a socialist market economy the objective and mode of China's economic restructuring, thereby codifying it in the form of law. This has great and far-reaching significance for ensuring the development of the cause of socialism with Chinese characteristics.

We warmly congratulate the election of the new leaders of the state and the CPPCC! Following the election at the party's 14th national congress to form the party Central Committee with Comrade Jiang Zemin as the core, the formation of the new highest organ of state power, the highest administrative organ of the state, the highest judicial and procuratorial organs of the state, the highest leading organ of the Armed Forces of the state, as well as the highest leading organ of the country's broadly representative patriotic united front organization have been completed. This has provided a strong organizational guarantee for carrying forward the cause pioneered by the elder generations, forging ahead into the future, and fully accomplishing the historic tasks set at the party's 14th national congress.

The "two sessions" highly evaluated the Government Work Report delivered by Premier Li Peng, holding that it is both foresighted and realistic, that it emphasizes the main points and takes into consideration the whole situation, that it is a vivid reflection of emancipating the mind and the spirit of seeking truth from facts, and that it is the guideline for realizing the grand blueprint worked out by the party's 14th national congress. The grand target of quadrupling the 1980 GNP by the year 2000 will be realized three years ahead of schedule. It is a magnificent and inspiring step to readjust this strategic plan.

At present, there are favorable and hard-to-come-by opportunities for China's reform, opening to the outside world, and the socialist modernization drive. It is the desire of the people and the demand of history to seize these opportunities to speed up development. Putting forward the slogan of realizing the task of quadrupling the GNP ahead of schedule is a vivid reflection that we judge the hour and size up the situation, that we cherish the opportunities, and that we are seizing them. With 14 years of achievements and experiences in reform and opening to the outside world, we are fully confident of realizing the task of quadrupling the GNP ahead of schedule. At the same time, we are soberly aware that realizing this new requirement is not an easy task, but is a tremendously arduous historic project.

To realize the grand target of quadrupling the GNP ahead of schedule, we must, first of all, further unify the thinking of the whole party and the people of all nationalities across the country around Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line of "one center, two basic points." Under the guidance of this theory and this line, if we concentrate on the central task of economic construction, take a clear-cut stand in upholding the four cardinal principles, and resolutely push ahead reform and opening to the outside world, we will always remain invincible no matter what dangers and perils we are confronted with and no matter what violent storms and waves may occur.

In seizing opportunities, we should, first and foremost, firmly grasp the central task of economic construction; we should never slacken our efforts, but should take a firmer and more effective grip on our work. In promoting economic construction, all localities should adhere to the principle of emancipating their minds and seeking truth from facts and should be bold in pioneering and stepping up development while advancing in a down-to-earth manner and according to each locality's capabilities. In light of the key issues existing in developing the national economy, we should take practical measures to further strengthen the status of agriculture as the foundation of the national economy, to accelerate the construction of infrastructure and basic industries, and to actively develop tertiary industries. Meanwhile, we should energetically develop science and technology undertakings, open up a new situation in education, and continually raise people's standard of living on the basis

of developing the economy and raising the overall national strength. We must be apt at summing up experiences and promptly finding out and solving problems emerging in the process of development so as to ensure the sound development of the national economy.

Deepening reform and expanding opening up are strong motivating forces for quadrupling the GNP ahead of schedule. We should, in line with the requirements for establishing a socialist market economic structure, speed up the rate of change for operating mechanisms of state-owned enterprises, pay close attention to coordinating reforms in relevant sectors, improve and enhance macro-economic management, and gradually set up a comparatively perfect market system. We should step up efforts to formulate laws and regulations related to a market economy in the spirit of reform for promoting and ensuring the development of a socialist market economy. We should proceed from reality in China in boldly drawing on and assimilating experiences of other countries—especially economically developed countries—in establishing and developing a market economy. We should consolidate and develop an all-directional opening pattern, which has already taken shape, in further expanding the areas of opening to the outside world, so as to create diverse and more favorable conditions for China's modernization drive.

Adhering to the four cardinal principles and maintaining the political situation of stability and unity is the basic guarantee for quadrupling the GNP ahead of schedule. The system of people's congresses is China's fundamental [gen ben 2704 2609] political system, and the system of multiparty cooperation and political consultation led by the CPC is one of China's basic [ji ben 1015 2605] political system. Adhering to these two political systems is an important aspect of adhering to the four cardinal principles, and the basic requirement in realizing social and political stability. We should actively promote political structural reform, perfect these two important political systems, and strengthen the construction of socialist democratic politics. We should persist in grasping two links at the same time and taking tough measures in both aspects, earnestly promoting the building of spiritual civilization, while still ensuring a good job in building material civilization. All of these factors are aimed at creating a better political climate for reform, opening up, and modernization. The over 3 million deputies to people's congresses and 400,000 members of people's political consultative conferences at various levels throughout the country shoulder a glorious yet heavy mission, regardless of whether they are in session or not.

The masses of people are the makers of history and masters of the state. All construction endeavors are for the people and should heavily depend on the people. Party and government leading organs and leading cadres at all levels should always bear in mind the objective of serving the people wholeheartedly, and they should strengthen efforts to build a clean and diligent government. It is necessary to follow the unified planning and

requirements of the party Central Committee and the State Council; actively press ahead with organizational reform; raise work efficiency; and overcome bureaucracy, formalism, and other unhealthy work styles that are divorced from the masses. It is necessary to forge close links with the masses; be good at correctly handling contradictions among the people; and effectively guide, bring into full play, and protect the enthusiasm of various sectors for converging them toward the great undertaking of four modernizations.

"Peaceful reunification and one country, two systems" is the unswerving principle for us to realize the early reunification of the motherland. The First Session of the Eighth NPC adopted the "Basic Law for the Macao Special Administrative Region of the PRC," thereby making fresh contributions to the great undertaking of the motherland's peaceful reunification. Recently, the Hong Kong governor, supported by the British Government, created confusion and obstacles to the smooth transfer of power and the peaceful transition of Hong Kong. This has encountered the resolute opposition of the Chinese Government and compatriots in Hong Kong and Macao, and strong condemnation by deputies and members of the "two sessions." The historical trend is irreversible, and the Chinese people cannot be bullied. The British Hong Kong authorities' perverse act is doomed to total failure.

The mid-1990's will be a crucial period for advancing China's modernization drive, and a period in which the cause of socialism with Chinese characteristics will shine with more radiance. As long as we vow to march along the chosen road, we will, without doubt, successfully fulfill the tasks already laid down. Five years from now, when the First Sessions of the Ninth NPC and the Ninth CPPCC National Committee convene, the sons and daughters of the Chinese will definitely play a new chapter of music in their march toward an even more magnificent goal.

Let us unite more closely around the party Central Committee with Comrade Jiang Zemin at the core and progress with large strides toward the brilliant future!

Commentary on Session, 'Historic Opportunity'

HK0104025093 Beijing CHINA DAILY in English
1 Apr 93 p 4

["CHINA DAILY commentary": "Historic Opportunity"]

[Text] The Eighth National People's Congress (NPC) concluded its first annual session in Beijing yesterday after successfully addressing all the items on its 17-day agenda.

The session approved an amendment bill to the country's Constitution; elected a new president and vice-president of the State, leadership of the NPC and the State Council (cabinet); ratified the Basic Law of the

Macao Special Administrative Region; endorsed Premier Li Peng's government work report and the 1993 plan for the national economy and social development; and passed the reform plan for government institutions.

The most significant constitutional change is the substitution of "the planned economy" for the "implementation of the socialist market economy" [as published], which provides a legal base for the continuity of market-oriented reforms and the opening up policy.

The newly-elected legislature, State and government leadership reflects the country's emphasis on continuity and stability on the one hand, and the promotion of younger, better educated and more professional officials on the other. The new lineup is a demonstration that China has consolidated the power of the "third generation leadership" headed by Jiang Zemin. This lends a reliable institutional backing to the country in pursuing the reforms and opening policy initiated by Deng Xiaoping.

The ratification of the Basic Law of the Macao Special Administrative Region pushes forward the country's reunification in accordance with the concept of "one country, two systems." The basic law specifies that Macao will become a special administrative region after China resumes its sovereignty there on December 20, 1999. Macao will enjoy a high degree of autonomy and its current political, social and economic systems will remain unchanged for at least 50 years.

The theme of Premier Li Peng's government work report and the 1993 plan for the national economy and social development will take full advantage of the current favourable internal and external environment to accelerate the country's modernization. Accordingly, this year's gross national product (GNP) growth rate has been adjusted upward from the original 6 percent to 8-9 percent.

In fact, "to grasp the opportunity and accelerate the economy" was the loudest cry among deputies throughout the session. However, while the call for faster speed remains strong, quite a number of deputies, including central government officials, have cautioned that it should not be realized at the expense of efficiency. They certainly have a point there. One experience the country has gained from the last 14 years is that without social and economic stability, there will be no development. High speed without economic efficiency can be as dangerous and harmful to the national economy as a slow pace. Both will jeopardize China's ambition to modernize the country, though in different manners.

Another hot topic at the session was the Hong Kong issue. The publication of Governor Chris Patten's radical "reform package" on Hong Kong's present political system three days before the session struck a sensitive chord of patriotism among NPC deputies. They stood out, either individually or collectively, to express their indignation over and condemnation of the plan, which,

as they correctly pointed out, violates the Joint Sino-British [as published] Declaration, the Hong Kong Basic Law and relevant agreements and understandings reached between the Chinese and British governments.

This fully explains why the session overwhelmingly approved a motion put forward by the Guangdong provincial delegation, which authorizes the NPC's Standing Committee to set up the preliminary working group of the Preparatory Committee of the Hong Kong Special Administrative Region.

Inspiring Mission

The new National People's Congress and the central government face challenging, yet highly inspiring missions in the coming five years.

- The strategic target of quadrupling the 1980 GNP will be accomplished;
- Hong Kong will return to China;
- The country will re-enter the General Agreement on Tariffs and Trade and;
- More legislation has to be drafted to facilitate the development of the market economy.

The fulfillment of these tasks requires the enthusiastic support of the whole nation. Such support has been secured, judging from the outcome of the NPC session.

History has provided China with a unique opportunity for development. The country should not, and will not, fail it.

Hong Kong Papers Hail NPC Meeting Completion

OW0104121493 Beijing XINHUA in English 1150
GMT 1 Apr 93

[Text] Hong Kong, April 1 (XINHUA)—Newspapers in Hong Kong today gave a prominent coverage to the just-closed Eighth National People's Congress (NPC) of China, hailing it a "successful" and "pragmatic" meeting.

Many newspapers carried reports of the press conference given by Chinese Premier Li Peng in Beijing on Wednesday [31 March], the resolution on the forming of a preliminary working group for the preparatory committee for the Special Administrative Region (SAR) of Hong Kong and the approval of the Basic Law of Macao Special Administrative Region by the NPC meeting at its closing session on Wednesday.

The HONG KONG COMMERCIAL DAILY said in an editorial that the National People's Congress indicates that China has smoothly completed a supersession between the older and younger generations in the decision-making bodies.

So far, people grown up after the founding of New China in 1949 have taken up leading posts of the government, the communist party and the army, it noted.

Compared with the older generation, the newly-elected leaders are in the prime of their lives, better educated and have a profound grasp of economic affairs. All this enables them to form a core for China's economic reform and modernization drive, the paper said.

WEN WEI PO said China's third generation of leading officials is getting mature politically and able to take up challenges of the 21st century. It has been proved that China's political situation is stable and the trend of reform and opening wider to the outside world is irreversible.

Describing China's political and economic situation as excellent at present, WAH KIU YAT PO said the readjustment of the economic growth rate from six percent to eight or nine percent during the Eighth Five-Year Plan period (1991-95) is "quite conservative."

China's objective to quadruple its gross national product by the end of this century will most likely be fulfilled ahead of schedule, the paper added.

In an editorial entitled "The National People's Congress Is Significant in Many Aspects," the HONG KONG DAILY NEWS said, the containing of socialist market economy in the new Constitution has given a legal basis to the development of market economy. It will be a great help to China's economic development, indirectly benefiting overseas investors, the paper said.

The TIN TIN DAILY NEWS said the resolution to set up the preliminary working group for the preparatory committee for SAR government is a necessary measure to guarantee a smooth transfer of power in Hong Kong in 1997.

Governor Terms Macao Basic Law 'Milestone'

OW0104130093 Beijing XINHUA in English 1232
GMT 1 Apr 93

[Text] Macao, April 1 (XINHUA)—Macao Governor Gen. Vasco Joaquim Rocha Vieira held that the Basic Law of Macao is in line with the Sino-Portuguese Joint Declaration, describing it as "an important milestone" for Macao.

The governor said that the approval of the Basic Law signified that Macao has entered its latter half of the transitional period, which requires the concerted efforts of Portugal, China and Macao to form the future Special Administrative Region.

"We must make it clear," he said, "if we expect a smooth transfer of power without a vibration, if we want to maintain a system formed by the Portuguese and Macao Governments till December 21, 1999, the Basic Law should become another form of guidance."

Papers Hail Law's Guiding Role

OW0104122593 Beijing XINHUA in English 1158
GMT 1 Apr 93

[Text] Macao, April 1 (XINHUA)—Major newspapers here hail the adoption of the basic law of the future Macao Special Administrative Region (SAR), stressing that the law will guide Macao to a bright future in the next century.

The MACAO DAILY NEWS said in its editorial the Basic Law adopted at the First Session of the 8th National People's Congress which closed Wednesday [31 March] marked "a new chapter in the history of Macao and the new beginning of the second half of the transitional period."

"The basic law is of far-reaching historical and international significance in realizing of the peaceful reunification of the motherland, solving the problems left over by history and safeguarding the stability and development of Macao," the editorial said.

The Basic Law fully reflects the great concept of "one country, two systems," and includes the provision of executive, legislative, independent judicial power and final adjudication power for the future SAR.

"It provides a mechanism to guarantee the development of democracy in the principle of gradual progress and promote the economic, cultural and social development in Macao," the editorial said.

During the second half of the transitional period, the editorial said, work in all fields in Macao should be aimed at converging with the Basic Law.

"Cooperation between China and Portugal should be enhanced on the basis of the Sino-Portuguese Joint Declaration on Macao issue and the Basic Law for the smooth transfer of power and sustained economic development," the editorial said.

The journal VA KIO, in a signed commentary, described the basic law as "the crystallization of the aspiration, feelings and wisdom of the Macao residents."

"Its openness and representation can be matched only by that of the Basic Law of the Hong Kong Special Administrative Region," the commentary said.

New NPC Standing Committee Holds First Meeting

OW0104125693 Beijing XINHUA in English 1231
GMT 1 Apr 93

[Text] Beijing, April 1 (XINHUA)—The Eighth National People's Congress Standing Committee held its first meeting today in Beijing. The meeting marks the inauguration of the committee in undertaking its responsibilities under the constitution.

Qiao Shi, chairman of the committee, urged participants to study questions raised by NPC deputies on improving and strengthening the role of the highest legislative body.

The committee should take Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line as its guiding principles, said Qiao. It should center on strengthening socialist democracy and the legal system to meet the goals set by the 14th Congress of the Chinese Communist Party and the First Plenary Session of the Eighth NPC on the formation of a socialist market economy.

Qiao also spoke on legislative work on economic matters, the improvement of a law supervisory mechanism, the strengthening of ties between the NPC and the masses, and the construction of the congress.

At today's meeting, Feng Lanming was appointed a deputy secretary general of the NPC Standing Committee.

Feng Lanming Appointment Noted

OW0104081593 Beijing XINHUA Domestic Service in Chinese 0723 GMT 1 April 93

[Text] Beijing, 1 April (XINHUA)—Namelist of the National People's Congress Standing Committee adopted at the first meeting of the Eighth National People's Congress Standing Committee on 1 April 1993:

Feng Lanming (7458 5695 2494) is hereby appointed deputy secretary-general of the National People's Congress Standing Committee.

Qiao Shi Urges New Economic Laws

OW0104083993 Beijing XINHUA in English 0828 GMT 1 Apr 93

[Text] Beijing, April 1 (XINHUA)—Qiao Shi, a top Chinese leader, said today the current National People's Congress, or parliament, must promptly formulate a number of new laws governing the socialist market economy.

Qiao, chairman of the Standing Committee of the Eighth National People's Congress (NPC), said the NPC must give top priority to the enactment of economic laws.

A market economy requires a "sound and comprehensive" legal system, he told the first session of the NPC Standing Committee held this morning.

"There is a fundamental difference between a market economy and a highly centralized economy which relies primarily on administrative means for management," he said.

"The history of economic development in modern states has proved that without sound legal standards or guarantees, the various social and economic activities will have no guidelines, thus inevitably leading to chaos," he said.

China must institute a socialist market economic system, which should operate more efficiently than the capitalist market economy, Qiao said. "That requires legal guidance, standards, guarantees and restraints," he noted.

In formulating new economic laws, he said, lawmakers must proceed from the nation's overall situation and in the fundamental interests of the people, not in the interests of individual departments.

He called on lawmakers to boldly draw on foreign experience in formulating economic laws. Chinese laws should be made compatible with international laws and internationally accepted practices to help China's economy compete globally, he said.

Qiao Shi also stressed the need to revise some existing laws that have proved to be unsuited to China's reform and opening to the rest of the world.

Jiang Zemin, Other Leaders Meet NPC Deputies

OW0104085193 Beijing XINHUA Domestic Service in Chinese 0724 GMT 1 April 93

[Text] Beijing, 1 Apr (XINHUA)—Comrades Jiang Zemin, Yang Shangkun, Li Peng, Wan Li, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, Hu Jintao, Rong Yiren, and Yao Yilin cordially met all deputies to the First Session of the Eighth National People's Congress [NPC] at a dining hall on the second floor of the Great Hall of the People this afternoon and posed for photographs with them.

Newly-elected vice chairmen of the NPC Standing Committee, vice chairmen of the Chinese People's Political Consultative Conference, and responsible comrades of central party, government, and military organs in Beijing also attended the meeting.

Political & Social

Deng Orders 'Fusion' of Party, Government

HK0104031693 Hong Kong SOUTH CHINA MORNING POST in English 1 Apr 93 p 13

[Report by Willy Wo-lap Lam]

[Text] Patriarch Mr Deng Xiaoping has laid down new edicts for consolidating the Communist Party leadership, most of which have been endorsed by the National People's Congress.

Chinese sources said that Mr Deng had given instructions on the "fusion of party and government" or senior party leaders playing significant roles in the Government and in the legislature.

Moreover, the patriarch had again warned that if corruption could not be stemmed, the Communist Party might be "adulterated" [as published].

The sources said that while up to the party congress in 1987 Mr Deng had agreed to the principle of "the separation of party and government", the patriarch now thought it advisable for top party leaders to concurrently hold government and legislative positions.

"Deng thinks that one reason for the atrophy of the Communist Party of the former Soviet Union was that Soviet apparatchiks were cut off from day-to-day administration and economic policy-making," a source said.

"The patriarch thinks that for the party to thrive, it must take an active part in government and in the market economy."

For example, it was Mr Deng who decided late last year to confer upon party chief Mr Jiang Zemin the position of state president as well as head of the military commission.

Upon Mr Jiang's election as head of state last weekend, the Chinese media pointed out that it would now be more convenient for the party chief to take part in government decision-making and to represent China on overseas visits.

In the middle of last year, the patriarch also decided that party units and senior cadres could run businesses on the side.

According to the China-watching journal *The Mirror*, Mr Deng has asked the new congress and judicial organs to pay special attention to fighting corruption.

"If the working style (of the party) continues to deteriorate, what good will it do even if economic construction is successful?" he asked.

Mr Deng added that if corruption among cadres persisted, "the nature of the entire economy would be adulterated, and a world marked by corruption, theft and influence peddling would come into being".

Interviews given by congress deputies to the official media, however, show not all legislators share Mr Deng's conservative political ideas.

The semi-official Hong Kong China News Agency has reported that many deputies are worried about the prospects of reform.

Article Views Government's Prospects, Tasks

HK0104021593 Beijing CHINA DAILY in English
1 Apr 93 p 4

[Article by Chen Xiao: "Acceleration Versus Stability"]

[Text] The new government elected at the first session of the Eighth National People's Congress (NPC) enjoys a favourable climate to accelerate reform.

Li Peng, Zhu Rongji and Zou Jiahua continue their posts as the premier and vice premiers, respectively, while

Qian Qichen and Li Lanqing, not strangers to the world, have been elected vice premiers.

The new government, which has not witnessed any surprise changes compared with the previous one, will guarantee political stability and continuity during the reform, open policy, and transition from the planned economy to a socialist market one.

Never swap horses while crossing the stream, as the saying goes.

Compared with the previous government, the current one enjoys a favourable environment—the tone of the market economy has been set.

When the previous government was formed in 1988, China was at a loss as to which direction the reform should go. Policies were made on the basis of a combination of planned economy with market regulation. And the market economy just looked like an economist's blackboard fantasy.

Besides, the performance of the national economy is more encouraging than five years ago.

At that time, China was bogged down in double-digit inflation rates.

The government had to impose a three-year retrenchment programme in the autumn of that year to bring the runaway inflation under control. However, the sudden and harsh brake on money supply caused a sluggish market and negative economic growth later.

Moreover, the flagging performance in State-owned enterprises, experiencing slow sales in the marketplace, strained central financing.

Today the new government is basking in an economic upturn. China achieved 12.8 percent growth in its gross national product (GNP) last year when most of the world's major economies just inched up.

If the government can quicken the reform, such momentum will guarantee that the country will meet its strategic goal of quadrupling 1980 GNP before the year 2000. And per capita income is expected to rise to \$800.

Meanwhile, the tragedy of an overheated economy in 1988, has given the new government a warning that high growth must be built on reform and sound efficiency.

In fact, the institutional reform, which has been recently passed by the congress, provides evidence that the government has targeted the key to the next phase of rapid growth. The move, though at a small pace, indicates that the government is determined to transfer its functions and separate government administration from enterprises' daily management.

Moreover, Zhu Rongji, the first vice-premier of the new government, who is in charge of the economy, said "reforms will be quickened on the investment system, government finance and banking sectors."

However, some old problems still exist while new ones are cropping up for the new government.

China will continue to have a large financial deficit. According to Liu Zhongli, minister of finance, the budgeted deficit will be 20.5 billion yuan (\$3.57 billion), 200 million yuan (34.8 million) lower than last year's figure.

In terms of agriculture, grain output will likely drop off this year, due to shrinking arable land and deflated farmers' enthusiasm which was dampened by slow income growth and various levies.

Last year, farmers' income increased at 5.9 percent compared with 1991; however, the advance was mostly the result of development by rural enterprises instead of farming.

Inflation continues to be another headache. Although the inflation in retail prices was 5.4 percent last year, the rise in living costs in 35 large and medium-sized cities was more than 10 percent. And the trend is still continuing.

The new government has to pay attention to the widening gap between the economies in the coastal and less developed inland provinces. This polarization may cause social instability. Such worries have been heard among NPC deputies at the session.

Besides, the following three years will be a crucial period for State-owned enterprises.

Whether China's economy can take off depends on the performance of the five-year-term government, which will serve as a bridge toward the next century.

CPPCC on Reforming Social Science Work

HK3103054393 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 26 Mar 93 p 2

[Interview by staff reporter Yu Ning (0060 1337): "Social Science Work Should Also Take the Road of Reform—Interview With CPPCC National Committee Member Hu Sheng"]

[Text] On the afternoon of 18 March, the social science group of the Chinese People's Political Consultative Conference [CPPCC] National Committee had a lively discussion on how to promote philosophy and social science work under the new situation. CPPCC National Committee member Hu Sheng, director of the CPC Central Party History Research Center and president of the Chinese Academy of Social Sciences [CASS], stated his view on the issue, which all of them were discussing.

How should be the status and role of the social sciences be understood? He said: Some comrades maintain that the social sciences can be considered science and should belong to the realm of the primary productive forces, otherwise it amounts to playing down the social sciences. He did not agree with this view. He maintained that the social sciences are, generally speaking, part of the superstructure that serves the economic base. Of course, a

minority of the branch's studies, such as certain applied economics, can be transformed into productive forces, but they are different from scientific and technological achievements that are transformed into productive forces in such a way that they virtually promote the development of the productive forces by making improvement in the relations of production. Most of the realms of social sciences and the humanities—arts, history, and philosophy in particular—cannot be described as productive forces, or else they would have started running industries and companies. It has been said that 80 percent of the institutes of the Chinese Academy of Sciences have set up companies, but the CASS cannot do so. Of course, a small number of those studying economics can engage in stock transactions and a small number of those studying law can act as lawyers, but those that have, in fact, have been divorced from the social science research posts. In his government work report, Premier Li Peng did not place the promotion of philosophy and social sciences in the section on developing the scientific and technological undertaking, but in the section on enhancing the construction of socialist spiritual civilization. This was absolutely correct.

CPPCC National Committee Member Hu Sheng has said: The transformation from a planned economy to a market economy is a matter of extraordinary importance, which has set new tasks and posed new problems for the work of social sciences and which has had an impact on certain areas. This is not a bad thing. Social science work must face the new situation, respond to new problems, and make contributions to the development of the undertaking of building socialism with Chinese characteristics and to the development of various disciplines. Some comrades asked during the discussion: "It is hard to deal with too many responsible departments, but it is no good if there is not a responsible department; what department is responsible for social science work?" CPPCC National Committee Hu Sheng said: The CASS was classified as a State Council department in the past. This time, the State Council's administrative restructuring program has not included the Chinese Academy of Science and the CASS, thus making it clear that they are not government offices but institutions." This is not designed to degrade the CASS but to illustrate that another system which is different from government departments must be implemented. Giving play to the role of institutions is a very complicated issue which must be studied. Promoting and developing the undertaking of social sciences under the new situation is not only an issue with which the party and the government must be concerned but should also become an important task to be studied by social science workers themselves. CPPCC National Committee Member Hu Sheng said that, when facing the new situation, some university professors sighed with regret "what is to be done with conventional disciplines?" and he thought that this must be analyzed. Like philosophy, no matter one is studying—natural science or the social sciences—one should

study it. He has always felt, however, that it is unnecessary for universities to run so many philosophy departments. Talented individuals who possess high cultural quality should also study history, but it is also unnecessary to train a large number of historians. Therefore, it is really necessary to revise the university curriculum. He completely agreed with the view set forth by some CPPCC national committee members that the administration of social science research institutes should be streamlined and talent should become mobile. A majority of social science research institutes must be supported by the state, but, if phenomena such as egalitarianism and eating from the same big pot continue—no matter how much money the state has invested—these institutes cannot be brought up and supported in a positive way, because there are many incompetent people who merely get their pay without doing anything and who are unable to produce any scientific research achievement for many years. Wages and income should be linked with standards and achievement. Increasing everyone's wages by 20 percent is not a good method. He agreed with the method of running science and technology funds to give money to those with scientific research tasks and achievements. Only in this way can social science workers' enthusiasm be aroused and the development of social sciences be promoted. He indicated his hope that social science workers would have the spirit of being ready to lead a poor life and of persevering in research when they encounter certain temporarily difficult situations during the transition period in the days to come.

Minister Discusses Family Planning Policy

HK3103134593 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 12, 22 Mar 93 pp 7, 8

[By Li Qin (2621 0530): "China's National Policy of Family Planning To Remain Unchanged for 100 Years—Interview With Peng Peiyun, Minister of State Family Planning Commission"; place and date not given]

[Text] Recently, there has been discussion on the following question: China practiced family planning because it practiced a planned economy in the past; now that it wants to establish a socialist market economic structure, is it still necessary to practice family planning?

In response to this question, Peng Peiyun, minister of the State Family Planning Commission, recently told this reporter: "I have also heard such a question but I can tell all people who are concerned with China's family planning that family planning is a long-term basic national policy and our determination to implement this national policy is firm and unshakable."

The important features we must take notice of in achieving the four modernizations are a large population, limited cultivated land, and a poor foundation to start with. Given that production is still not sufficiently developed, food, education, and employment have

become serious issues. China has consistently initiated and practiced family planning during the past 20 years. However, even if the population does not increase for some years to come, the question of a large population will still exist for some time. According to a preliminary forecast by the State Family Planning Commission Planning and Statistics Department and other institutions, if China goes on practicing family planning after its population is maintained at under 1.3 billion by the end of this century, the nation's total population is expected to be under 1.6 billion by the 100th anniversary of the founding of New China.

Peng stressed: "This determines that China's basic national policy of family planning should also be unshakably upheld for 100 years. Although the specific policies of family planning will be adjusted with the changing situation, for the present and for a fairly long time to come, China must practice a strict policy of controlling population growth and should by no means adopt a laissez-faire attitude toward population growth."

Peng, who has been minister of the State Family Planning Commission for five years, said: "The establishment of a socialist market economic structure is aimed at solving the issues of economic structure and operational mechanism, mainly the problem of which method to use for distributing resources. In keeping with this, population growth and material production are two issues at different levels. To proceed from China's national conditions and the immediate interests of the Chinese people, develop the socialist society's productive forces more quickly, increase China's overall national strength, and raise the people's living standard and quality of life, China must uphold the major strategic policy of family planning. This is in keeping with the goals of conducting economic restructuring and establishing a socialist market economic structure. For this reason, Chinese leaders at all levels stress: While concentrating efforts on developing the economy more quickly, we must resolutely bring down the birth rate."

Peng said: The establishment of a socialist market economic structure will certainly create more favorable socioeconomic conditions for carrying out family planning work properly. She said by way of an example: "Over the past 14 years, Suzhou, Wuxi, and Changzhou cities in Jiangsu Province have taken the lead in vigorously developing the market economy. Between 1978 and 1991, their GNP grew steadily at a high average annual rate of 16.2 percent. Their township and town enterprises, which started off at an early date, have reached a fairly high level. An omnidirectional, multi-level, and fully open pattern, which converges with the international market, has taken shape. The high economic development has laid a solid economic foundation for building socialist spiritual civilization. All aspects of work in this region such as culture, education, sports, and public health, stand in the front rank of the nation and the province and women have also been further emancipated. This has created a good social environment for changing childbearing concepts and

reducing the birth rate in the rural areas. In addition, they attach great importance to family planning and have persisted in grasping the "two kinds of production" for a long time. As a result, since the 1980's they have shifted toward a modern population reproduction type characterized by a low birth rate, a low mortality rate, and a low natural growth rate. They have started to embark on a path of a benign cycle between population and economic and social development. In recent years, China has stressed that the leaders in party and government organizations should pay attention to family planning work and this has brought many new ideas to the work. The practices in some localities have been well received by the masses. For example, Jilin and Heilongjiang Provinces forwarded the need to integrate family planning in the rural areas with the development of the commodity economy, the peasants' efforts to build up a family fortune and become prosperous, and the building civilized happy families so that the peasants are really aware of the benefits of practicing family planning to themselves and their families and can thus substantially raise their consciousness to practice family planning.

Peng said: China has vigorously pushed forward family planning work during the past 20 years and the childbearing rate of Chinese women has dropped to a fairly low level. In 1991, the total childbearing rate for Chinese women was 2.2, much lower than the average level of 4.6 in other developing countries. Although in 1992 China reached its third baby boom since the founding of New China, its birth rate still dropped slightly. In spite of this, China still faces, and still will face for a long time to come, the following major population problems:

First, given China's large population, there is a large net increase in population annually. As a result of the baby boom in the sixties and early seventies, there is a huge number of people of childbearing age today. There are now 120 million women at the flourishing childbearing age of 20-29. After 1994, the number will drop by well over 1 million annually but by the end of this century there will still be 100 million. Therefore, the average number of people born annually in the nineties will still be over 23 million, an average net increase of 15 million people. Such a huge population represents a heavy burden on China's drive for modernization. Because of the excessively large denominator, per capita amounts of natural resources, output of various industrial and agricultural products, GNP, and social welfare will be so small that they will rank far behind the rest of the world. For this reason, strictly controlling population growth is still a top priority task.

Second, the quality of the population is not high enough. According to the fourth census results, some 180 million people at or over the age of 15 are illiterate or semi-illiterate, accounting for 15.88 percent of the total population. There are only 16.12 million people with an educational level of college graduate or above, accounting for 1.4 percent of the total population; this is lower than the United States, Canada, Japan, and many

other countries. In the next few decades, we shall have an ample quantity of population at labor age and a low number of people to be raised which will provide us with favorable conditions for high economic growth. To take full advantage of this "golden opportunity" to accelerate economic growth, China must attach great importance to improving the quality of laborers. A person without a good education is sure to lag behind in market economic competition. If girls do not receive good education, it will not be conducive to the enhancement of women's status and to changing the concepts of marriage and childbearing. There are also problems in the quality of Chinese people's health, which should not be overlooked. According to the results of a birth defects survey conducted by the Ministry of Public Health across the country, the birth defect rate was 13.01 per thousand, with certain provinces as high as 20.5 per thousand.

Third, there are also many problems in terms of population pattern. With regard to population age pattern, the proportion of old people in the total population has risen quite quickly. Toward the end of 1991, the number of old people at or over 60 years of age was 100 million; by the end of this century, it will have reached 130 million, 10 percent of the total population. Ours is a country with the largest number of old people and the aging of the population has come before our economy has developed. An appropriate solution to the question of supporting and using old people and enabling them to study, amuse themselves, and have medical treatment should be placed at the head of our agenda. This has a close bearing with the smooth progress of family planning work.

In terms of the population pattern in urban and rural areas, since the eighties, the number of cities and towns and their populations have steadily increased. However, the level of China's urbanization is still relatively low; the proportion of rural population is large, accounting for 73.77 percent of the total population in 1990. This represents an unfavorable factor in realizing the four modernizations, keeping the population under control, and improving the population quality. In the future, with the development of the socialist market economy, population flow and the rate of urbanization will pick up speed. This reflects social progress but, at the same time, it will bring various issues to China, including readjustment of industrial structure, employment, housing, communications, water, electricity, ecological environment, family planning management, and so on.

Talking about how to make a success of family planning work this year, Peng Peiyun said with full confidence: "China will still face a baby boom in 1993. Moreover, with the acceleration of reform and opening up and the development of the socialist market economy, there will be many developments and new problems. This new situation presents both an opportunity and a challenge to China's family planning work. On the one hand, China should uphold its basic national policy of family planning which has been implemented effectively over the years; on the other hand, it should emancipate the mind, seek truth from facts, constantly deepen the reform of

family planning work, and vigorously explore and gradually establish a new mechanism with Chinese characteristics which is suited to reform, opening up, and socialist market economy.

Official Says Number of Drug Addicts 'Soaring'

HK0104084093 Hong Kong AFP in English 0821 GMT 1 Apr 93

[Text] Beijing, April 1 (AFP)—The number of drug addicts in China is soaring, figures published Thursday [31 March] showed.

Vice Public Health Minister Gu Yingqi told a recent meeting here that China had 250,000 addicts, nearly double the last figure given six months ago, media reports said. The government said in October that there were 150,000 addicts, double the 1990 figure, and that most of them were young men using heroin and opium. The vice minister also warned that private drug rehabilitation centers were being set up that were in fact distributing drugs and called for a crackdown.

As of June last year, China had discovered 890 carriers of the virus that causes AIDS, three-quarters of whom were intravenous drug users. Experts believe the number of addicts and AIDS carriers to be much higher than reported, due a lack of adequate monitoring and southern China's growing role as a major transit route and production base for drug cartels.

Beijing University Students on NPC, Democracy

HK0104035093 Hong Kong MING PAO in Chinese 31 Mar 93 p 7

[Report: "Many Students From Beijing University Want University President Wu Shuqing To Step Down and Consider Rong Yiren's Appointment as Vice President of the State Important"]

[Text] Many young teachers and students of Beijing University have not paid much attention to the recent "two sessions" of the National People's Congress [NPC] and the Chinese People's Political Consultative Conference [CPPCC]. Some of them, however, do hope that the university's president, Wu Shuqing, can step down following the conclusion of the NPC session. In the meantime, they are attaching great importance to Rong Yiren's appointment as state vice president, believing that his appointment will help reinforce the private economic sector's strength in Mainland China.

On the other hand, some students at Beijing University have indicated that their enthusiasm for democracy is still alive, but say that they will take a more mature approach in the future. It has become a consensus among many students that legal means should be employed when striving for democracy.

Several young teachers from the university's International Studies, Law, and English Language Departments have said that, as far as they know, many teachers in

Beijing University are extremely discontented with President Wu Shuqing. They regard Wu, who was originally in charge of logistical work in the Chinese People's University, as a man who does nothing but issue coupons for baths and boiled water, and who has gained fame and fortune by taking advantage of the political atmosphere following the 4 June incident. Prior to the opening of this NPC session, it was widely rumored that Wu Shuqing would discontinue his work in Beijing University after the meeting. Many of the teachers, however, are currently discouraged, as they can find no indications of any change in Wu's current position.

In discussing the roles of the "two sessions" currently being held in Beijing, these teachers believe that the "two sessions" will not loosen the existing control on democratic politics, apart from their role in helping push people into the vast sea of business at a faster speed. They have also indicated that many postgraduate students who took part in the prodemocracy movement in 1989 have expressed their worries about the mainland's current situation, under which the authorities are advocating "an entire nation in business" in a bid to stabilize the political situation. A teacher from the University's Department of International Political Studies has pointed out: The fact that most members of the Standing Committee of the CPC Political Bureau are holding several positions at once will probably give rise to factors leading to instability in the mainland's political development. These factors may manifest themselves in a certain period of time to come.

In another development, some teachers and students have closely followed Rong Yiren's appointment as vice president of the state. A student specializing in administrative management considers Rong's promotion "good news" for the mainland's future economic trends, as it indicates an enhancement in the private economic sector's status on the mainland.

A student in the university's Law Department did not agree with the claim that Beijing University students have lost the political enthusiasm they once cherished. He said with a sense of pride that the students of Beijing University never stage protests for their own room and board and affirmed that students today have become much more mature than ever before. A student in the Department of International Studies agreed with this view. Though having no personal experience of the 4 June incident in 1989, she considered that the students at that time were perhaps acting under the belief that they could accomplish anything they wanted to. Students today think differently, however. She used herself as an example. In the past, she had always believed that she could become a governor one day. She said: "I know now that, without backing from the central level or without setting foot in official circles, one can by no means become a governor. This is one of the 'national conditions' of our country." She added that students today have learned to weigh the advantages and disadvantages and know what can be done and what cannot be touched.

at the present stage. She specifically mentioned the poll on reform that was conducted shortly before the opening of the NPC session.

The results of the poll show that, among 1,660 students, 61.7 percent consider that the problem of insufficient food and clothing has barely been resolved in their native places, and there is still a long way to go before a fairly comfortable life can be attained; 21.8 percent consider the prospects for the guiding role of the mainland's market to be unclear; 20.8 percent hold a pessimistic view, while 51.2 percent are less pessimistic about the status of intellectuals under the market economy; and, on the issue of citizens' participation in government and political affairs, 47.7 percent said that they are willing to participate but can find no way to reach this goal.

On the issue of asking Japan for war compensation, five out of seven students favored the idea. Because university authorities severely punished two students in the Law Department who took part in a campaign last year to demand war compensation from Japan, however, one cannot hear much about it on the Beijing University campus. The students are all puzzled about the central authorities' attitude on this issue.

Beijing Publications Industry 'More Diversified'

HK0104110493 Hong Kong CHING CHI JIH PAO in Chinese 1 Apr 93 p 9

["Special article" by staff reporter Li Cho-nan (7812 0587 0589): "Variety of Beijing Newspapers and Journals Gradually Increases; Hong Kong's MING PAO Reportedly Injects Capital into a Beijing Weekly"]

[Text] China's publications industry, which was once regarded as a restricted area, is becoming more diversified along with the market economy. Hong Kong's MING PAO is reported to have made an early start by reaching an agreement with a Beijing weekly QIAO, with MING PAO injecting capital into the weekly and thus establishing a bridgehead.

There are no fewer than 30 regular newspapers of all types available on the streets of Beijing, and the number of journals is even more dazzling.

It has been learned that the relevant authorities are very liberal toward newspapers and periodicals run by organizations and enterprises so long as they are not involved in politics and pornography. Applications submitted to the State Administration for Industry and Commerce and the China Press and Publication Administration are generally approved. In fact, some foreign business firms, such as Sing Tao Limited, SOUTH CHINA MORNING POST, and MING PAO, have repeatedly explored the investment possibilities.

According to local press workers, the vigorous development of newspapers and periodicals in Beijing originates from a policy speech by Li Ruihuan, CPC Central

Committee Politburo Standing Committee member, in June or July last year. He said that newspapers and periodicals should be allowed to diversify their contents so long as they are not opposed to the party and state. Within a few months, publications appealing to customers with social news, economic information, culture, recreation, or practical knowledge, as well as newspapers from other provinces, such as WEN HUI BAO and NANFANG RIBAO, appeared on the market.

We can have a general idea of the diversified contents from publication names. There are newspapers of an economic type such as ZHONGHUA GONGSHANG SHIBAO [CHINA INDUSTRIAL AND COMMERCIAL TIMES], ZHONGGUO ZHENGJUAN BAO [CHINA SECURITIES NEWS], JINGJI WANBAO [ECONOMIC EVENING NEWS], and SHIJIE JINGJI XINXI BAO [WORLD ECONOMIC INFORMATION]; of an informative type such as JINGPIN GOUWU BAO [EXQUISITE ARTICLES SHOPPING NEWS], FAZHI BAO [LEGAL NEWS], XIAOFEI CANKAO BAO [CONSUMPTION REFERENCE NEWS], and ZHAOPIN DAIPIN BAO [JOB MARKET NEWS]; of a leisure type, such as ZUOJIA WENZHAI [WRITERS DIGEST], DIANSHI BAO [TELEVISION NEWS], XIN WUTAI [NEW ARENA], ZUQIU BAO [FOOTBALL NEWS]....

Local people say that, aside from such traditional newspapers as RENMIN RIBAO, JINGJI RIBAO, GUANGMING RIBAO, and JIEFANG RIBAO, JINGPIN GOUWU BAO, which has an edge in color pictures, and ZHONGGUO QINGNIAN BAO, which is noted for its bold reports, are the most popular, and BEIJING WANBAO is still a must newspaper for ordinary families.

The selling prices of Beijing newspapers are between 10 and 30 fen [words indistinct] they all accept advertisements. Some time ago, SHIJIE JINGJI XINXI BAO caused a sensation by carrying a full-page advertisement on its front page. But some major newspapers still hold a tight rein over the criteria for selecting and carrying advertisements. According to a foreign businessman operating a restaurant, he contacted the BEIJING RIBAO to place an advertisement about activities marking the opening of his business but the newspaper office refused on the grounds that it might attract large crowds and lead to a chaotic scene. As a result, he could only place a notice and a report in some leisure newspapers.

Local people say that, because Beijing residents do not have many daily leisure activities, they are very much interested in seeking new information. This should be an excellent market for the newspaper industry. There are still very few papers genuinely run by people. Even if this will inevitably give rise to the phenomena whereby the strong survive and the weak are eliminated, latecomers (from other parts of the country and from abroad) will still arrive in an endless stream.

Article on Role of Newspapers, Lawsuits*HK0104030593 Beijing CHINA DAILY in English
1 Apr 93 p 4*

["It Seems to Me" column by Wang Xiaozhong: "Lawsuits Route to Good Journalism?"]

[Text] Lawsuits involving newspapers or reporters have sprung up like mushrooms in China in recent years. As a result, some accused reporters and newspapers have received wide publicity.

"Such cases prove that people's knowledge of law has grown stronger," said a recent article in People's Daily.

However, lawsuits, as results of contradictory opinions, always reflect the different perspectives of different people. So they are always interesting and revealing.

The lawsuits involving newspapers reflect misunderstandings about the function of newspapers.

As an important part of mass media, newspapers report happenings that they think the public should know about. Meanwhile, they publish articles reflecting the views of writers or the newspaper itself, which makes up a major part of public opinion.

Among them, critiques are frequent. By discussing what is right and what is wrong, public opinion exerts its influence on society. And that is how mass media, including newspapers, safeguard healthy social development.

Recently, the China Film Weekly, a newspaper run by the Film Bureau under the Ministry of Radio, Film and Television, was accused of slander by Fang Yihua, a screenwriter and also vice manager of the Anhui Film Studio, for the newspaper had published an article criticizing some of his films.

People's Daily, the leading newspaper in China, reported the case, and so did some other newspapers.

The case has aroused wide public attention simply because there are quite a number of people in the country who, like Fang, would not accept newspapers as they are.

In fact, these people are usually very friendly to newspapers, but the friendship holds only when newspapers report positive information about them.

That is why Fang accused the newspaper.

As an official who had just written several films on the country's rural reform, a politically active theme, he was hoping for good prospects in his career.

However, he believed the critique of his work in the newspapers affected his future because they did not speak well of him. So he filed the lawsuit to "clear up the negative effects" and redeem his reputation.

In fact, similar things take place frequently in China. The difference is that most of these issues do not evolve into lawsuits.

Miss Cai, one of my colleagues, was twice threatened for her articles. One threat came from a factory producing shoddy sanitary napkins and the other from a company selling bricks from the Great Wall, a business Cai thought improper.

However, neither of the protesters cared about truth. They only wanted her to write other articles containing flattery.

Nowadays, many enterprises or companies regard newspapers as tools that can help them market their products.

They think it is best for newspapers to publish only good news, such as how the products of the companies will improve people's health. They are even ready to pay for the articles.

It is a pity that they usually manage to do this, because many journalists accept it. They help confuse the role of newspapers with their behaviour.

Article Discusses 'Mister' as Form of Address*HK0104101693 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 29 Mar 93 p 7*

[From the "Literary Grace Pavilion Pen Club" column by Zheng Ronglai (6774 2837 0171): "Both 'Mister' and 'Comrade' Are Appropriate"]

[Text] When answering reporters' questions during her visit to Taiwan, noted actress Zhao Lirong inadvertently addressed people from the Taiwan side as "comrades." Having quick wits in an emergency, the elderly lady immediately quoted Sun Yat-sen's remarks to smooth things over and extricate herself from the predicament.

After reading the interesting sidelight on her Taiwan visit in this newspaper, beside admiring Zhao's resourcefulness, I also have a feeling that we are seemingly unfamiliar with such forms of address as "mister."

This is by no means accidental. A few years, a person on the mainland was usually addressed as "comrade" but rarely as "mister." There have been changes in the past few years. However, people do not know whether to laugh or cry at this process of evolution.

Before the cultural revolution, "comrade" was the most intimate form of address carrying an extremely strong political flavor. It referred not only to people cherishing the same ideal or belief, but also being comrades-in-arms in the same trenches sharing a common destiny.

In those "unprecedented" days, the word "comrade," being considered no longer authoritative, had a derivative, i.e., "revolutionary comrade." As for "mister," it was a synonym for "noncomrade" and even for "bourgeoisie." Therefore, a person addressed as "mister" at

least had something to separate him for the addresser. The fact that, before her death, state Vice President Soong Ching Ling hoped she would be called "comrade" illustrates a great female's special state of mind.

This ponderous page has been turned over. Turning their backs on the past, people are advancing with their chins up. To date, deputies to the National People's Congress and members of the Chinese People's Political Consultative Conference from the mainland and from Hong Kong and Macao have gathered in Beijing, addressing each other as mister or comrade. They are jointly discussing national policies and the administration of state affairs, and devoting their utmost to protecting territorial integrity, reunifying the motherland, making the country strong, and invigorating the Chinese nation. They are so sincere and earnest in their endeavor that they will never stop until they achieve their objectives. They are indeed respectable!

Forms of address like "mister" and "comrade" are nothing more than symbols. Their different meanings are given by people. Whether they are commendatory or derogatory are all artificial. In ancient times, "mister" might refer to one's father or elder brother (such as the *Analects of Confucius*), or a teacher (such as, the *Book of Rites*), or an elder or virtuous person (such as, the book authored by Guan Zhong and the book authored by Mencius), or as a general term of respect for another person (such as the book allegedly authored by Lie Yukou during the Warring Period). It is accepted through common practice, bears the mark of time, and is given unique meanings by the times. The same is true with "comrade." In its original meaning, "comrades" referred to members of a party or group, as what Sun Yat-sen said in his will: "We have not succeeded in our revolution, and so our comrades should still work hard." Nowadays, "comrade" is a form of address among people. It has a fairly extensive meaning quite different from its original one.

Since, in our country, both "mister" and "comrade" are terms of respect among people, I think we should go with the current trend and make "mister" more popular and natural. It indeed shows dedicated comradeship to address one another as "comrade" within the party and among the people, and it also demonstrates the refinement of a civilized country to respectfully address a person as "mister," be he an intellectual, peasant, worker, businessman, old friend, new acquaintance, and even stranger.

On many occasions, both "mister" and "comrade" are appropriate. If that is the case, we shall not be so unfamiliar with "mister."

Military

Army Paper Urges Strengthening Political Work

HK3103144093 Beijing JIEFANGJUN BAO in Chinese
24 Mar 93 p 3

[Article Zhang Jianzhong (1728 1696 0022): "Ideological and Political Work in the Course of Strengthening Military Training"]

[Text] Central Military Commission leading comrades have repeatedly stressed that army building should focus on modernization and that military training is a regular central task for the armed forces. We should conscientiously implement Central Military Commission leading comrades' instructions, carry out ideological and political work in the course of military training to have a perfect mastery of military skills, to ensure the armed forces' combat effectiveness, and to promote Army modernization.

Taking the armed forces' central task as the central task in political work is a glorious tradition in our Army's political work. During the war years, political work was very lively and solid and political organs and political cadres made all-out efforts to ensure that the armed forces could score victories in battles. During the peaceful construction period, doing a good job in ideological and political work in the course of military training is an important way to exercise party leadership over military work and is also an important component of our Army's political work. Taking serious account of and doing a serious job in ideological and political work in the course of military training played a positive role in bringing about the upsurge of military training and competition of combat skills in the sixties, in extensively carrying out the activity of "crack shots, top artillerymen, and top technicians" in the seventies, and in once again setting off the fervor of military training in the eighties. In recent years, ideological and political work in the course of our Army's military training was weakened for a period of time, during which grass-roots cadres and key cadres did not know how to proceed with ideological and political work in military training, thus affecting the enthusiasm for and quality of military training. The Central Military Commission has now reiterated the need to carry forward the Army's fine tradition in political work and to put military training in an important strategic position. This has major, practical significance and a strong objective. Centering on military training—the regular, central task—we should fully display the role of political work in providing services and guarantees and work efficiently to constantly improve the quality of military training.

In strengthening ideological and political work in the course of military training, the most important thing is to mentally arm officers and soldiers with Mao Zedong's Military Thought and Comrade Deng Xiaoping's thinking about Army building in the new period, to ensure the implementation of the Central Military Commission's guidelines, policies, and principles on military training; to stimulate officers' and soldiers' initiative in carrying out hard and strict military training geared to the needs of actual combat; and to guarantee the satisfactory fulfillment of military training. The role of political work in providing services and guarantees finds expression in many aspects. The most prominent aspect at present is to resolve the inadequate impetus in military training. Taking account of new situations and new problems under the market economy, we should do a

good job in education and, with a definite objective in view, enhance officers' and soldiers' understanding of the importance of military training in this new period. We should help everyone to solidly cultivate the idea of "combat contingent" and understand the value of military training from the overall situation of consolidating national defense; resisting aggression; defending the people in their work during peacetime; and safeguarding state interests. This way they will know that our Army's fundamental function as a combat contingent has not changed, although the characteristics of peacetime and wartime Army building are different, and they will clearly understand that taking advantage of the current comparatively peaceful environment to strengthen military training and improve the armed forces' combat effectiveness is out of consideration for preparedness against future aggressive war and is also an important aspect in safeguarding state interests and ensuring a comparatively peaceful environment for China's reform and construction. Everyone should be helped to understand that "soldiers cannot fulfill their duties if they are not familiar with military skills; those who do not have a perfect mastery of military skills are not qualified soldiers" and to turn military training into a conscious action by officers and soldiers. We should also help everyone to clearly understand the present international situation and solidly cultivate the idea of "training for war." The bipolar world pattern has now ended and all kinds of forces are reorganizing and developing toward multipolarization. The whole world is more turbulent. Under these circumstances, we absolutely must not "let the horses return to the mountains or store our swords and guns." Instead, we should strengthen our mentality about war preparations and consciously carry out hard and strict military training. In the course of education, officers and soldiers should be guided in cultivating the concept of becoming talented through training and in strengthening their sense of glory for doing a good job in military training, so that they understand that military training is the basic method for improving the armed forces' combat effectiveness when there is no war; that strict military training can help improve skills, tactics, ideology, will, style, and management; and can also foster the idea of remaining firm at one's post and becoming talented through strict military training.

In strengthening ideological and political work in the course of military training, there is a need to display the role of reward and punishment as a lever. Proper issuing of rewards and punishments in training and strengthening the competition mechanism are beneficial to breaking the mentality that "more or less training does not make any difference" and "good or bad training does not make any difference either." In peacetime, the

regular, central task of the armed forces is military training. Those who do well and make prominent achievements in training should be heavily rewarded. Rewards should be issued promptly to create a heavy atmosphere in which "hard training is much sought after and being militarily skilled is glorious." Top marks holders in military training should be given "six preferential treatments," namely, preferential treatment in: Promotion to higher posts; joining the party and the Communist Youth League; receiving rewards; being admitted into military academies and promoted to cadres; studying civilian technology; and preferential treatment in transferring to volunteer troops. In "rewarding the superior," attention should also be paid to "punishing the inferior." Leaders of units which have for long failed to do a good job in military training because of subjective factors should be given serious criticism, education, and even the necessary punishments. There is also a need to organically integrate the issuing of rewards and punishments with doing good ideological work. The simple method of replacing ideological and political work with the issuing of rewards and punishments should be prevented.

All rules and regulations should be improved to ensure ideological and political work is carried out in military training. Through practice we have felt the need to persist in the following systems: The first is the mobilization and educational system. Before military training or a military maneuver starts in a brigade (regiment) each year, the brigade (regiment) should carry out mobilization and education to initiate a training fervor and cause ideological mobilization to permeate every training task and every training period so that officers and soldiers will take part in military training with full enthusiasm from beginning to end. The second is the system of analyzing the situation. Analysis of the ideological and political work situation in training should be carried out by a battalion or a company monthly, by a brigade or a regiment quarterly, and by a division biannually at least to find out the main ideological obstacles and problems with a tendency to adversely affect military training and to propose measures for strengthening ideological and political work in the course of military training. The third is the assessment and appraisal system. Experience and lessons in ideological and political work should be summed up biannually and annually; political organs at the higher level should appraise how the lower-level political organs and political cadres proceed with this work. Ideological and political work in training should be effectively carried out through conscientious observance of all systems.

Leadership should be earnestly strengthened over ideological and political work. Some comrades say that ideological and political work in training is trivial and

specific and should mainly be taken care of by battalions and companies and grass-roots cadres; it is difficult for party committees and organs above the regimental-level to meddle in or proceed with, therefore they generally cannot put this work on the agenda. True, battalions and companies should take charge of ideological and political work in the course of training; without the initiative of battalions' or companies' cadres, this work cannot be genuinely implemented at the grass-roots level but this does not mean that party committees and political organs should not pay attention to it. As a matter of fact, without the active propagation and effective guidance by party committees and political organs, it is very difficult to effectively strengthen ideological and political work in grass-roots training. Therefore, party committees and political organs at all levels should regard ideological and political work in training as their important responsibility and put it on their work agenda; organization departments should take the initiative in coordinating with this work; other vocational departments should consciously cooperate with this; and the higher authorities and the lower levels should make concerted efforts to ensure the fulfillment of the armed forces' training task and to improve the armed forces' combat effectiveness. Otherwise, without the attention of the leaders, strengthening ideological and political work in military training will merely remain a formality.

Economic & Agricultural

Wen Jiabao Views Hunan Rural Investigations

HK3103111093 Beijing NONGMIN RIBAO in Chinese
12 Mar 93 pp 1, 4

[Article by Wen Jiabao, director of the CPC Central Committee General Office: "Protect and Arouse the Peasants' Enthusiasm and Vigorously Develop the Rural Socialist Market Economy—Findings on Hunan Agriculture and Rural Work, 10 December 1992"]

[Text] From 9 to 18 November, I made a first-hand investigation of the agriculture and rural work in Yiyang Prefecture and Yueyang City in Hunan Province. I visited peasants in their homes; talked to peasants and rural cadres; listened to the opinions of agricultural, water conservancy, commercial, supply and marketing, and banking sectors; and held discussions with comrades in charge of provincial, prefectural (or city), and county departments. Through these activities, I learned about some of the conditions there and heard some reports. I feel that an urgent task in agriculture and rural work is to take a further step in protecting and arousing peasants' enthusiasm and make energetic efforts to develop the socialist market economy in rural areas.

To Protect and Arouse Peasants' Enthusiasm

In the past 14 years of reform and opening up, the agricultural productive forces in Hunan have been greatly developed, the comprehensive economic strength in rural areas have been significantly enhanced, and the

general look of the rural areas has gone through fundamental changes. The problems of subsistence food and clothing for peasants has been basically solved. This year, grain production slightly decreased due to reduced acreage but it was still a year of good harvest. The acreage under cash crops expanded and the harvest increased by a big margin, with cotton yield rising by 30 percent; the breeding industry showed stability and progress, with the production of hogs and aquatic products increasing by 5 and nearly 17 percent respectively; township and town enterprises achieved a breakthrough, with output value going up 33 percent; the estimated increase of total agricultural output value is 3 percent; and the income of peasants in real terms is estimated to have increased by 37 yuan per person. My investigation convinced me that the rural situation is good and so is the mental attitude of cadres and peasants.

Yet, there still are many problems in the current rural work and agricultural development, some of which are rather prominent. They are directly linked to peasants' interests, affect their enthusiasm, and impede the development of agriculture.

The first problem is **difficulty in selling, especially in selling grain**. This year, the amount of grain to be purchased by fixed quotas is 7.4 billion jin and that to be purchased at negotiated prices is 5 billion jin. However, by early November, 7.7 billion jin of grain still remained to be purchased. Because of the shortage of purchasing funds, buying grain with IOU's has become a common phenomenon in some areas. Purchasing was even halted in certain places because they did not have starter funds or storage facilities (2.4 billion jin of grain is now stored in the open air). The difficulties in selling agricultural products are serious and peasants have no end of grievances. The surplus of grain shown by the difficulty in selling is a structural surplus under the low living standards. In other words, while the general varieties are in abundance, the quantity of fine varieties is small; while grain is abundant in main production areas, it is not so in mountainous areas and nonessential production areas; and while the quantity of primary products is big, that of processed and transformed products is small. In fact, it is a reflection of the incongruity of the production structure and consumption structure of agriculture. For some time in the future, China's agriculture will still have to face three changeless factors and one highly changeable factor. The three changeless factors are: The annual 15 million net increase of population nationwide; the tendency to reduce arable land; and a per capita share of grain of around 400 kg throughout the whole country toward the end of this century. The highly changeable factor is the climatic one, as floods, drought, storms, and hail cause frequent disasters around the country. The inadequate basic facilities for agriculture afford a weak resistance against disasters, especially heavy disasters and continuous natural calamities, so grain output still fluctuates with climatic changes. In this sense, we should never make light of the issue of agricultural development. The better the situation, the less slack and unguarded we can afford to be.

The second problem is that peasants are suffering under heavy burdens. The price scissors of industrial and agricultural products are continuing to expand. Hunan is a province capable of steady production and outgoing transfer of commercial agricultural products on a long-term basis. From 1953 to 1987, the aggregate amount of grain transported out of the province was the highest in the whole country. In 1991, the commodity rate of agricultural products reached 48.9 percent, up 12.5 percent compared to 1978. The problem is that the price scissors of industrial and agricultural products during the past five years have been constantly expanding. In 1987, 1988, and 1989, the general indexes of purchasing prices for agricultural and sideline products were respectively 10.2, 23.1, and 6.8 percent, while the price indexes of agricultural productions means were respectively 14.6, 18.3, and 24.4 percent. The mean comprehensive scissors differential in those three years was about 25 percent (about twice the national average). The general level of purchasing prices for agricultural and sideline products provincewide in 1991 was 5.7 percent lower than 1990, while the retail prices of industrial products marketed in rural areas increased by 3.1 percent, widening the scissors differential by another 9.3 percent. The widening of the scissors differential inevitably causes a lowering of the relative efficiency of agriculture, aggravating the phenomenon of increased output without increased income. Between 1980 and 1990, the net per capita income for Hunan peasants dropped from seventh to 19th place in the country. In 1991, it was 688 yuan, 20 yuan less than the national average. There are many factors responsible for the meager increases in peasants' income and an important one of these is that the cost-effectiveness of agriculture is quite low. It is estimated that the per capita income of peasants in Huarong County this year will drop by 128 yuan because of the price plunge of staple agricultural products. Today, "two dan of paddy are not worth a carton of Chinese-made cigarettes." Peasants generally complain that it is not worth the effort to grow grain. Cheap crop prices are bound to undermine agriculture. The phenomenon of peasants being unwilling to do farm work has appeared in some places.

A more prominent problem is that while suffering from ever-widening scissors differentials, peasants still have to bear various types of arbitrarily imposed apportionings of expenses. In 1991, the amount of contractual contribution to the rural unified retention fund was kept basically under 5 percent of the per capita net income of the previous year but, this and the noncontractual financial obligations, together took up 10 to 15 percent of the previous year's per capita net income. In the Dongting Hu area, the per capita share of these obligations among peasants was 80 to 90 yuan and in such counties and cities as Huarong and Yuanjiang it was over 100 yuan. These phenomena indicate that the same amount of labor contributed by peasants brings less income than before and that, while income has been relatively reduced, irrational payouts have been increased. This

kind of "less income, more payout" has caused discontent among peasants and dampened their enthusiasm for farming. If this is let to run its course, it is bound to cause a gradual shrinkage of agriculture. Therefore, reducing the burden on peasants and protecting peasants' interests and enthusiasm has become the most urgent and most important issue in agriculture and rural work at present.

The third problem is the inadequate input into agriculture. First, the monetary input in agriculture cannot be made available in time and huge amounts of money are held up through stockpiled grain. This year, the whole province of Hunan needed 12.1 billion yuan to purchase agricultural and sideline products but, by the end of October, 1.8 billion yuan was still unavailable, 1.61 billion of which was for contractual purchase of grain and cotton. Today, the grain reserve provincewide is 16.81 billion jin (including more than 8 billion jin of the central government's province-by-province special grain reserve and circulating grain), holding back 5.26 billion yuan of fund; the cotton reserves are 2.4 million dan, holding back 720 million yuan; and, besides, the money used to cover the losses caused by policy losses in grain-handling, commercial, and supply and marketing cooperative sectors, totalling 2.33 billion yuan, is entirely bank credit. The grand total of the above three amounts is 8.31 billion yuan. Second, for reasons such as fundraising, purchasing bonds, and operation of development zones, a large amount of rural funds has been flowing to urban areas, thereby aggravating the shortage of rural funds. The exploitation of rural collective accumulation funds for apportioning and appropriation has also weakened the input into agriculture. Third, peasants have reduced input in agricultural production. The heavy burden on peasants and difficulty in selling agricultural products have greatly limited the funds for expanded reproduction. In the meantime, because the cost-effectiveness of agriculture is on the low side, peasants are reluctant to invest in agricultural production. Fourth, the construction of basic facilities for agriculture is lagging behind. This year, the input in the development of water projects during the winter season provincewide has been inadequate. In mid-November, compared to the corresponding period last year, the number of people participating in the winter projects had dropped by 2 million and the earth and stone handled in terms of cubic meters and working days dropped by about 20 percent. The problems of inadequate storage capacity, incomplete market functions, and the strain on transportation in the circulation field are also very substantial. These problems must be solved as soon as possible. Central and local authorities should focus on the building and development of agriculture and formulate investment policies in its favor. In the meantime, it is necessary to make a point of giving play to peasants' initiative, increasing the input of funds and labor in agriculture, and continuously strengthening the stamina of agricultural development.

Once again, the 14th Party Congress stressed that agriculture is the foundation of the national economy and

that it is imperative to give top priority to strengthening agriculture. On the issue of agriculture, the three unswervings should be upheld, namely, unswervingly adhering to the party's basic line, unswervingly implementing the party's basic policy for rural areas, and unswervingly strengthening agriculture's status as foundation of the national economy. Being unswerving means not changing. The agriculture issue is in essence an issue concerning the peasants, as the issue of agricultural development is in essence an issue of mobilizing peasants' enthusiasm in production. Practice has proved that whenever our rural policies and systems conform to the interests and wishes of peasants, agricultural production is developed, the national economy is developed, and the society is stable; whenever our rural policies and systems deviate from the interests and wishes of peasants, agricultural production is affected, the entire national economy is affected, and the society shows destabilizing factors. This is a very precious empirical law we have discovered through practice in past decades. In this sense, the issue of peasants and the issue of agricultural development have always been bound up with the cause of socialist construction and the country's stability. This is determined by our national conditions. The reality of China is that 80 percent of its population live in rural areas. Whether or not China is stable depends primarily on whether or not this 80 percent is stable. If this 80 percent is not stable, there will be no national stability. Similarly, if this 80 percent does not live in moderate prosperity, there would be no moderate prosperity for the whole country. The rural reform we are conducting is for the purpose of arousing peasants' enthusiasm and subsequently emancipating and developing rural productive forces. The enormous changes in rural areas in the past 14 years are a result of this. The responsibility systems, especially the contract responsibility system on a household basis with remuneration linked to output, and the series of party policies for rural areas have greatly mobilized peasants' enthusiasm. Without their enthusiasm, significant agricultural development or today's good situation in rural areas would both have been impossible. One should understand that the various problems now found in rural work and agricultural development, if not understood as soon as possible and promptly resolved, will dampen the enthusiasm of peasants and consequently undermine the status of agriculture as the foundation of the national economy, affecting the overall reform and construction. This must be given close attention by leaders at the various levels. The party committees and governments at various levels, as well as all relevant departments, should grasp outstanding contradictions and key issues in rural work and agricultural development, adopt resolute and effective measures, and solve the problems, one by one, and place by place. The first thing is to concentrate energies on solving the issues of grain purchase, payment, and reducing the burden on peasants, to protect peasants' enthusiasm and maintain a good momentum in our rural work and agricultural development.

To Develop Socialist Market Economy in Rural Areas

The 14th Party Congress proposed that the pace of reform, opening up, and modernization must be accelerated. While the national economy should be upgraded, agriculture also must be brought into a higher stage to match the development of the entire economy. An important task facing us now is to seize the opportunity to energetically develop socialist market economy in rural areas and further enhance agricultural productive forces.

It is necessary to reinforce the concept of macroagriculture; vigorously develop agriculture, forestry, animal husbandry, sideline production, and fishery; and develop farming, breeding, and processing on a large scale. Exploiting resources from a macroagricultural point of view is to broaden agricultural production. Taojiang County is the home of nan bamboo [nan zhu 2809 4554] and the 500,000-mu bamboo forest has become a sea of bamboo. The Yueyang County CPC Committee secretary told me that they were going to realize the "three ones," namely, one mu of vegetables per person in the outskirts, one mu of fish pond per person in the lake area, and one mu of orchard per person in mountainous areas. The acreage of the orchard in Yueyang's Xitang and Wujiang 10,000-mu deciduous fruit tree farm has reached 12,000 mu. This orchard was developed on a barren hill and the fruit trees on 7,000 mu of land have borne quality fruits of 25 varieties, including pears, peaches, apricots, and cherries. There is tremendous potential in the comprehensive exploitation and utilization of land and labor resources. As long as we keep our vision broad and adopt correct policies and measures, including necessary supportive ones, we will be able to promote the development in this line.

It is necessary to pay special attention to improving quality, on the basis of steady growth in production. Promoting agricultural production in depth mainly means improving quality. It is necessary to cater to the market demands and make energetic efforts to develop quality rice, fish, fruit, and other agricultural and sideline products, while properly handling the relationship between grain and cash crops and the relationship between grain output and grain variety and quality. High yield should go hand in hand with good quality and high efficiency. It is necessary to ensure the steady growth of grain output in the restructuring of agriculture. In particular, the output in principal grain production areas must be maintained.

It is necessary to strengthen the construction of basic agricultural facilities by focusing on strengthening the stamina of agricultural development. Irrigation is the lifeblood of agriculture. Hunan is a beneficiary of Dongting Hu but is also threatened by it every year. With this body of water above them the cadres and masses are always on tenterhooks. In programming the containment of Dongting Hu, Hunan authorities vowed to win the four major campaigns (i.e. the construction of standardized dykes, electric drainage network systems, floodway

dredging systems, and safety facilities). This is a comprehensive approach and already there is a relatively good basis. Eliminating the hidden hazard of Dongting Hu is dependent on first, the Three Gorges Project and second, the pace of the comprehensive control of the lake area. Since the beginning of last summer, Hunan has been hit by severe and persistent drought, the provincial average rainfall being a mere 132 mm and 26.59 million mu of crops have been affected by the drought. Therefore, in areas where drought frequently occurs, especially in the old drought-stricken areas in west and south Hunan, it is imperative to strengthen the construction of water conservancy works, develop irrigation, solve the difficulty in the water supply for human and animal consumption, and enhance the drought-resistant capacity. Overall plans should be made for the construction of water conservancy facilities and equipment should be rationally matched, to bring about multiple benefits. It is necessary to attach importance to the maintenance of water conservancy facilities. The electric drainage equipment at Mingshan, Yiyang, is very old and has long needed repair and sometimes has to operate in a defective state. At the peak of flood drainage, the motors often emit acrid smells. Problems like this should be solved promptly.

It is necessary to improve the quality of peasants by means of science and technology. The key to the development of agriculture and the improvement of its quality is science and technology. Agricultural science and technology is the primary productive force of agricultural development. The essence of agricultural modernization is the development of scientific agriculture through full application of modern science and technology. It is necessary to further upgrade the scientific and cultural levels of the large numbers of peasants; continue to increase the input in agriculture-oriented science and technology; strengthen the research on basic agricultural science; pay attention to the popularization of the application techniques in agricultural production, circulation, and processing of agricultural products; expedite the process of turning scientific and technological achievements into practical use; continuously increase the proportion of science and technology in the rural economic growth; and enhance agricultural labor productivity and comprehensive economic efficiency.

It is necessary to make energetic efforts to develop township and town enterprises and further broaden the avenues toward prosperity for peasants. During the past two years, the township and town enterprises in Hunan have been developing at a relatively fast pace and the rate of growth this year is quite high. However, earlier, the development has slowed down after a fast early start and, on the whole, does not match the province's agricultural status. This is also where the disparity lies between Hunan and coastal regions in terms of rural economy. An important reason for the meager increase in peasants' income in some poor counties, which paradoxically have high yields in farm produce, is the underdeveloped state of township and town enterprises. Therefore, it is necessary

to study the demand in domestic and international markets, make full use of local resources, and establish a rational industrial structure and product mix to develop township and town enterprises with vigorous efforts. The principal grain production zones should regard the deep serial processing of grain, including food industry, feed industry, and breeding industry, as a leading industry for township and town enterprises. All these trades have broad markets within and outside China. Their development can not only promote rural economy but also activate industry, commerce, transportation, and the service industries.

It is necessary to step up the price reform for agricultural and sideline products and rural circulation restructuring and continue to strengthen the regulatory role of the market in the rural economy.

Today, the conditions for reforming the price system for grain and other agricultural and sideline products are basically ready in some areas and they are being decontrolled, step by step. Decontrolling the prices of grain and grain-related operations and other agricultural and sideline products is an important matter which concerns the entire economic restructuring, is directly connected to the interests of peasants as well as urban and rural consumers, and is of great significance to the overall national economy. It is also an extremely complicated systems engineering project. It is imperative to strengthen leadership, do organizational work meticulously, keep track of new circumstances which may emerge, and study and try to solve new problems which may occur in the course of time. From a long-term point of view, decontrolling prices contributes to: Giving full play to the market's regulatory function in rural economy under the macroscopic regulation and control; organizing the production, processing, and marketing of agricultural and sideline products in light of the requirements of socialist market economy, to satisfy the needs of economic construction and the people's livelihood; narrowing the scissors differential between industrial and agricultural products; enhancing the economic efficiency of agriculture; and to promoting the development of the rural economy. However, because a major agricultural product like grain concerns the overall situation and the interests of everybody, unlike such fresh and live products as vegetables and aquatic products, decontrolling the prices may incur a certain risk and its benefits will not show themselves until some time later. At present, when supply exceeds demand, some new problems are bound to emerge such as a drop in grain prices, reversed disparity between listed prices and negotiable prices, stockpiling of inferior quality grain, shortages of funds and storage capacity, weakened role of the main channel, sluggish market sales, and aggravated losses suffered by grain enterprises. These problems should be foreseen and preparations made for them. It is necessary to make unified policies, suit measures to local conditions, and strengthen macroscopic regulation and control, to eliminate causing big fluctuations. In a word, we should not only push ahead with the reforms actively

and steadily but also take pains in the concrete work to minimize "labor pains [zhen tong 7109 4027]" and maintain social stability.

It is necessary to develop the markets for agricultural and sideline products and enliven circulation through various channels. To develop macroagriculture requires macro-circulation and macromarket. It is necessary to implement the principle of coordinating the efforts of the state, collectives, and individuals, open up various channels, and strive to unblock the flow of goods. In the meantime, it is also necessary to reform the purchasing and marketing system and regulate production with supply-demand relations and the law of value. Circulation is the bond that links the various areas of production and links production with consumption. In this sense, production could not possibly develop without circulation. Apart from structural reasons, the current difficulty in selling grain is also a result of uneven circulation. Ours is a big country with uneven development. Some places have more grain than others and some places have more grain of certain varieties whereas other places have more grain of some other varieties. Furthermore, transportation is not sufficiently developed, the market is inadequate, and the acquisition of information is not timely enough. Therefore, it is an urgent need to solve the problem of uneven circulation. We should attach as much importance to circulation as we do to production, strengthen the building of a market system and the construction of basic industry in the circulation field, and promote the development of a rural socialist market economy.

It is necessary to strengthen the circulation service for peasants. Though peasants endorse the gradual decontrolling of the prices of agricultural and sideline products, they nevertheless feel unsure or hesitant, mainly because they have a poor understanding of market information and are worried about the risks. Therefore, in perfecting the system of socialized service, the most important thing to do is to establish a sales network, storage and transportation network, market network, processing network, and information network. Each province, prefecture, county, or even township or town, should try every possible means to maintain relatively stable sales channels for marketing bulk agricultural and sideline products, to reduce the risks in agricultural production. The cotton from Nanxian County and Huarong County is exclusively sold to Shanghai. The hogs from Qianlianghu Farm and the vegetables from Guangzhouxing Town in Yueyang County are sold to Guangdong and some other regions through long-term sales agreements. These are examples of success. The key to maintaining stable sales channels for bulk agricultural and sideline products is to develop spot markets in various forms, establish a number of standardized wholesale markets and, later, to develop a futures market. This is an important task for enlivening circulation. In the meantime, it is necessary to train market professionals, set up a control system capable of managing the stockpiling and distribution of goods, and introduce corresponding market laws and regulations.

It is necessary to make energetic efforts to develop agricultural and sideline products processing industries and reap additional value and income through processing and transformation. An instant rice vermicelli processing factory, run by a peasant in Taojiang County, processes 25,000 metric tons of grain each year with an output value of over 100 million yuan. It has not only been engaged in the domestic market but has also broadened out into the international market. The peasant holds a dozen state patents and the production techniques and machinery he has developed for processing instant bean and cereal noodles have been sold to 26 enterprises in six provinces and municipalities in China. By developing "one speciality per village," Yiyang County is also trying to bring added value by processing local agricultural and sideline products. Naturally, however, "one speciality per village" is just a general term. It could also be a number of specialties per village or a number of villages producing one speciality. The issue of processing, transformation, and additional value is all the more important under the circumstances of the sustained growth of agricultural products. In light of market needs it is necessary to develop famous, good-quality, and speciality products and, with these in the lead, activate the entire trade.

It is necessary to strengthen the macroscopic regulation, control, and management of circulation. State grain departments and departments in charge of cotton, hemp and flax, oil-bearing plants, native products, and animal products, should: give play to their advantages, namely, good facilities, large numbers of capable people, developed organizational system, and smooth information channels; strive to change their operating mechanisms; establish a reserve system for grain and other staple agricultural and sideline products; and should give play to their role as a main circulation channel and their regulatory functions in reserves, handling, and price balancing. It is necessary to establish a rural economic information system; collect, analyze, process, and publish such rural economy information as market demand, prices of agricultural products, rural funds, and goods and materials for rural use; and give better guidance to the healthy development of the rural economy. It is necessary to formulate and implement protective policies, measures, laws, and regulations for agriculture as soon as possible. This piece of work must be carried out in stages with clear purposes and concrete plans and must be based on the protection of agriculture, peasants' interests, and peasants' enthusiasm. First of all, it is necessary to establish and introduce a fund regulation and control system and the system of protective prices. This mainly means establishing an agricultural production fund, market construction fund, and commercial reserve fund and the introduction of state system of protective prices for major agricultural products. Secondly, it is necessary to formulate and implement necessary administrative laws and regulations. These can include: The ratio of input quotas in agriculture and

their growth rates; restrictive measures aimed at progressive reduction of the scissors differential between industrial and agricultural products; the signing of agricultural contracts and the arbitration and resolution of related disputes; the varieties, items, and ceilings of the financial burdens on peasants; the floating scope of the prices of agricultural products; measures for preventing monopoly and banning trade barriers; and so on and so forth. Third, it is necessary to step up efforts to formulate and implement the basic laws for protecting and promoting agricultural development. The purpose of decontrolling the prices of agricultural products and reforming the circulation system in rural areas is to protect and further arouse the enthusiasm of peasants. The only criterion for judging the quality of this job is whether or not it emancipates and develops rural productive forces, promotes agricultural production and the prosperity of the rural economy, and increases the peasants' income. The deeper the reform is, the more attention should be given to the protection of peasants' enthusiasm. Leaders at all levels must have a clear understanding of this guideline.

It is necessary to take substantial steps to strengthen leadership over agriculture and rural work. Comprehensive bumper harvests have been reaped for several consecutive years and the situation in rural areas is very positive. Under such circumstances, some cadres have an inadequate understanding of the seriousness of the problems existing in the current agricultural development and rural work and have somewhat relaxed their efforts in this regard. This tendency warrants attention. The comrades in Hunan repeatedly pointed out that we must remember historical lessons and take a correct attitude toward the issue of agriculture and peasants. We should not pay attention to agriculture and rural work only when there is a crop failure and neglect it when the harvest is good. In strengthening leadership, the most important thing to do is always to put agriculture in the first place and continuously study and try to solve the problems in agricultural production and rural work. Paying less attention or making less effort is not allowed under any circumstances. In strengthening leadership, it is necessary to grasp the key link of putting cadres in the lead, emancipating the mind, and renewing concepts, so that the masses can be guided to learn to swim in the ocean of socialist market economy. In strengthening leadership, it is necessary to: Adhere to the mental approach and practice of integrating general mobilization with individual guidance and integrating leaders with the masses; suit measures to local reality and give guidance discriminately; respect the wishes of peasants; adroitly guide action according to circumstances; and seek the interests and avoid losses. In strengthening leadership, it is necessary to: Respect the initiative of the masses; make a point of summing up all fresh experience created by the masses; pay special attention not only to protecting and mobilizing the enthusiasm of peasants but also to trying to effectively channel their enthusiasm into a higher stage; and to promote the continuous development of agriculture.

Economist Tong Dalin on Economic, Political Reform

HK0104070493 Guangzhou NANFANG ZHOUMO in Chinese 26 Mar 93 p 2

[Report from the "Observer" column by Liu (0491) Shen (Xian Xian 0341 0341): "Tong Dalin Has a New Theory"]

[Text] Not long ago, at the "Tokyo Forum 1993" in Japan, the well-known economist Mr. Tong Dalin, director of the China World Observation Institute, made a long speech. He talked about the problems of economic development and political reform in China. His comments can be summarized as follows:

Tong Dalin thought that the crucial elements of China's economic development are information, communication, and biological technology. He said: At present, what is most needed in China's modernization is computerization and access to information. If computerization can develop in many enterprises and groups, China's modernization can develop rapidly.

In addition, the most difficult problem in China is its communication network; that is, the transportation problem. In order to realize modernization, it is necessary to build highways and use cars. Furthermore, railways must be made high-speed. According to recent information, Japan is preparing to build a major transportation line from Fuzhou to Xiamen. At present, the related ports and airports are being built.

China is a large agricultural country and has its characteristics in the area of medical science. Biological technology is therefore very important. At present, Taiwan is seeking optimization in agriculture. We must also pursue biological technology.

Concerning the sensitive political reform problem, Tong Dalin expressed his own view: In the first four years of advocacy of reform and opening up by Mr. Deng Xiaoping, China still could not cast off the small-scale production economy, and life was difficult. Mr. Deng Xiaoping continued to propose reform and opening up, however, and he made it clear at the 14th party congress that China is to practice the market economy; since then, great achievements have been made. After the 14th party congress, the series of policies on further reform and opening up proposed by Mr. Deng Xiaoping can be expressed by an ancient Chinese poet: "The spring wind suddenly comes one night, and pear flowers blossom on tens of thousands of trees." The market economy system, which was advocated at the 14th party congress, resembles many pear flowers blossoming together. The economy is most important, and emphasis on economic construction is the wish of the Chinese people.

What we want is a government which has outstanding leaders and can carry out functional reform; of course, we also want political reform. You all know that China's

administrative sector is a huge bureaucracy which exercises tight control over the planned economy. In order to enable the market economy to develop, it is necessary to separate the government from enterprises and streamline government departments. This reform is happening at this very moment, and it is being conducted on an extremely large scale. In 1993 we will see further developments in this area.

The government should use strong force to punish various criminal activities and should formulate laws and regulations to protect foreign enterprises. The current political reform is being carried out with economic reform as the core. Of course, it is not true that we do not care about the election systems, multiparty systems, human rights, freedom, and other issues mentioned by the Western countries. The precondition for us to carry out political reform is to put economic construction in the first position. Is it not true that by so doing, we can enable political reform to proceed as smoothly as flowing water? I hope you will watch the development of political reform in China.

Expert Says Economy 'Not Yet Overheated'

HK3103140593 Hong Kong WEN WEI PO in Chinese
29 Mar 93 p 3

[Report on "Special Interview" with Professor Sun Shangqing, deputy director of State Council Development and Research Center, by staff reporting group: "China's Economy Is Not Yet Overheated"]

[Text] Beijing, 28 Mar (WEN WEI PO)—Does the sustained double-digit rapid growth indicate an "overheated" economy in China? Professor Sun Shangqing replied: No. He is now deputy director of the State Council Development and Research Center. The center is responsible for offering expert ideas to the State Council's top policymakers and decisionmakers.

Do Not Make a Simplified Judgment

We should not make a simplified judgment of China's rapid economic growth, the senior economist said. "China is a large developing country with a population of 1.1 billion. If there is no heated economic development or a rapid growth, when can we catch up with the developed countries?"

He cited the example of economic take-off in Japan and South Korea. "They also had double-digit growth for years running. The actual situation of China's economic growth is: The development of all localities and departments is uneven." Professor Sun stressed: "Therefore, we cannot categorically say that the economy is 'overheated.'"

Although China's GNP rose at a high rate of 12.8 percent last year, large numbers of industrial departments, including energy, transportation, and raw materials, are

still conditioned by the "bottleneck." Professor Sun asked: "Can we say that these departments are 'overheated'?"

Not Overheated But There Are Problems

The central and south regions have developed remarkably over the past 14 years, Sun said. Relatively speaking, however, they are still far from catching up with the coastal areas. The gap between the two has not been narrowed. "If we say that the economy is 'overheated,' the central and west regions will not agree."

However, this expert also acknowledged that there are problems in China's current economy. True, there is "overheating" and blindness in real estate, development zones, and stock markets. Hence, it is necessary to avoid overheating.

Beginning from the mid-eighties, Sun Shangqing was in charge of compiling the "China's Economic White Paper," which analyzed the actual economic growth each year. While discussing the problems in China's economy last year, he called for attention to be paid to the following: Because of the large scale of investment in social fixed assets, the large scope of credit, and an ample supply of currency, there was a great pressure on inflation.

Urban Inflation Rate Tops Double Digits

China's inflation rate reached 6.4 percent last year, which was still mild. However, Professor Sun warned: The price indexes of 35 large and medium cities exceeded double digits, reaching 11 percent and higher than the bank savings interest rate of 7 percent.

Regarding the actual minus interest rate, Professor Sun said: "The people can remain calm for a short time and they will take a wait-and-see attitude. After a period of time, they will not save their money in the banks."

Under such circumstances, Sun said, the introduction of price reform in the future should be combined with the exercise of strict control over inflation. In places where prices are still controlled by planning, the restrictions should be lifted as much as possible. However, the inflation rate should be kept within 6 percent.

To avoid the macroeconomy from getting out of control, Sun disclosed, the state adopted some "soft landing" measures in the fourth quarter of last year to make provisions against possible trouble.

Nevertheless, Sun also stressed: "The excessive comments on 'overheating' are absolutely unnecessary. It would be better to step up introducing reform measures rather than continuing the controversy over 'overheating.'" Because the crux of the so-called "overheat" issue lies in the structure, only by accelerating the transition to a market economy can we fundamentally resolve the problem. Sun said that the reform over the past 14 years has been market-oriented on the whole. It is now clear that the target of reform is to establish a socialist market

economy. By the end of this century, it is necessary to set up the framework for a market economy which should include: Enterprises which constitute the main part of the market, the market for essential production factors, the new macroeconomic regulation and control system, laws and regulations for a market economy, and the financial system.

We Do Not Want the People To Have To Tighten Their Belts

Sun particularly stressed the important position of the financial system and the macroeconomic regulation and control system in reform. He said: "As the original means of planned control no longer works, it will be disadvantageous to the development of a market economy as a whole if we fail to establish a macroeconomic regulation and control mechanism as quickly as possible. Meanwhile, when a standard financial market is established, it will be possible to control the general value of finance and reduce the risks of reform."

As an National People's Congress deputy, Sun Shangqing supports the government's plan to raise the economic growth planned quotas. In the next few years, he said, China's GNP will increase at an annual rate of 8-9 percent. According to calculations, the infrastructure can bear this and economic efficiency will also benefit.

He said with pride: "We have never asked the people to support reform by tightening their belts because reform should benefit the people. This reform will surely win the support of the people."

Committee Says 'B Shares' To Be Issued Overseas

OW0104081493 Beijing XINHUA in English 0712 GMT 1 Apr 93

[Text] Shanghai, April 1 (XINHUA)—China will expand the issue of B shares from the domestic market to all over the world.

According to a meeting held by the Securities Committee under the State Council here, the issue of B shares is an important part of China's efforts to open further to the outside and absorb foreign capital.

Jin Jiandong, director of the office of the Securities Committee, said that the country has achieved initial success in the issue and transaction of B shares.

Since the Shanghai Vacuum Electron Device Company Ltd took the lead in issuing B shares in February last year, the country has issued a total of 19 types of B shares, collecting 975 million yuan and 599 million U.S. dollars last year.

More River Ports Opened to Foreign Ships

OW3103123393 Beijing XINHUA in English 1124 GMT 31 Mar 93

[Text] Beijing, March 31 (XINHUA)—About 20 ports along rivers across China have been opened to the outside world in the past 14 years, further facilitating Sino-foreign trade and exchanges, according to the Ministry of Communications.

Since the late 1970s, when the country adopted the reform and opening policy, China has invested a total of 1.64 billion yuan (about 282.8 million U.S. dollars) in the construction of 42 docks along the Yangtze river, 30 of which boast handling capacity of over 10,000 tons.

An official with the ministry said the building of these modern docks has provided a solid basis for the opening of the 6,300-km Yangtze river.

So far, such ports as Nantong in the east, Nanjing and Wuhu, and Wuhan in the west along the middle and lower reaches of the river have been given consent to allow foreign ships to berth.

Chongqing and Chenglingji along the middle and upper reaches of the Yangtze are yet to open to foreign ships, but have allowed Chinese ships carrying export goods to berth and go through formalities for export transactions.

The official said that the Yangtze, the world's third longest river, now ranks among the world's great rivers with inland river ports open to foreign ships.

Shipping business with the republic of Russia along main rivers in the Heilongjiang waterway system have also been renewed and developed in the past few years.

Heihe, Qike and Fuyuan ports along the Heilongjiang river in the northeast, as well as Heishantou and Shiwei ports along the Erhkuna river in Inner Mongolia, have been opened up to the outside world. Thus foreign ships can berth at almost all ports along the Sino-Russian border river.

Tongjiang, Harbin and three other ports have also been opened along the the northeast's Songhua river.

Some ports along the Zhujiang river in south China have also opened to foreign ships.

The official said that the opening of inland river ports has quickened the economic development of regions along the rivers, contributing to their increased export volume in the past few years.

Daqing Oil Field Reportedly Almost 'Dried Up'

HK3103145093 Hong Kong MING PAO in Chinese 30 Mar 93 p 5

[Text] Daqing Oil Field, which has an important position in China's economy, has come close to being dried up. Heilongjiang Governor Shao Qihui said yesterday that Daqing Oil Field produced 55 million tonnes of

crude oil last year. He said Daqing had steadily produced oil at this level for 17 years and would continue to do so for the next three to five years.

Shao Qihui said that due to the weakening of resources, the cost of exploring oil at Daqing is becoming increasingly higher, and that the method now being used is the water flooding method, and the proportion of water is as high as 80 percent. If exploration continues the injection of chemicals will be needed to increase output.

Shao Qihui said that the steady output at Daqing Oil Field for so many years is a miracle, however, due to the weakening of resources, the "launching" which violates natural law is not desirable.

Talking about Sino-Russian trade, Shao Qihui said that no matter what changes take place in Russia, Sino-Russian trade will maintain the tendency of sustained growth. Last year Sino-Russian border trade and local trade increased to 2.1 billion Swiss Francs, accounting for 30 percent of China's trade with the former Soviet states. From January to February this year the total amount of Sino-Russian border trade increased by 80 percent.

Shao Qihui said that there are 380 economic cooperation projects along the Sino-Russian border, among which 72 are inside Russia. He said that nowadays the Sino-Russian border is witnessing the most peaceful and harmonious time in history.

Shaanxi To Supply Beijing With Natural Gas

*HK2703070793 Beijing ZHONGGUO XINWEN SHE
in English 0324 GMT 27 Mar 93*

[Text] Xian, March 27 (CNS)—According to the petroleum administration department in Shaanxi Province, a large natural gas field has been discovered in the north of the province. It is planned to supply energy-short Beijing with gas from this field by 1995.

The field has proven natural gas deposits of over 100 billion cubic metres, making it the largest in the country. Planning is now underway to exploit the gas resources of the field including the construction of a long-distance pipeline and the necessary facilities needed at the receiving end in Beijing. On completion of the project in the early part of the Ninth Five-Year Plan period, Beijing residents will be able to receive more than one billion cubic metres of gas annually.

East Region

Asian Development Bank Funds Anhui Railway

OW3003113393 Beijing XINHUA in English 1105
GMT 30 Mar 93

[Text] Manila, March 30 (XINHUA)—The Manila-based Asian Development Bank (ADB) approved a loan of 110 million dollars today for the Hefei-Jiujiang railway project in China.

The railway will facilitate the development of Anhui's mineral deposits such as iron ore, ferrisulfate, copper, alum, phosphorous and limestone.

The project will provide a vital link in the proposed second national north-south railway route between Beijing and Kowloon.

The project, scheduled to be completed in mid-1997, will cost an estimated 378 million dollars.

The ADB is also providing a 600,000-dollar technical assistance grant to strengthen the business and commercial practices of the Anhui provincial government and the project's executing agency, the Hefei-Jiujiang Railway Company.

In recent years, the ADB has implemented two railway projects in China, one in Shangxi Province and another in Guangdong Province, and is helping finance a third project in Guangdong Province.

Fujian Meeting Calls For Electricity Conservation

HK0104095793 Fuzhou Fujian People's Radio Network
in Mandarin 1100 GMT 25 Mar 93

[Text] A provincial work meeting on electricity supply was held in Fuzhou today, from which the reporter learned that the tension in the province's electricity supply would be further aggravated this year. The meeting called for various localities throughout the province to intensify organizational leadership on using electricity in a planned and economical way, enforce the discipline of planned consumption of electricity, and strengthen management in order to strive for the fulfillment of this year's economic development targets in the province.

Last year, the generated energy produced in our province was 17.691 billion kilowatt hours, increasing by 17.9 percent over the previous year, which provided an extremely important motive force for the high-speed development of the province's national economy. In addition, with the province's reform and opening up growing in width and depth, various fronts have set higher demands for the supply of electricity. Since last autumn and winter, precipitation has been on the low side. By early March, water storage level in Gutianxi, Ansha, Shipan, and Banma reservoirs was lower than in previous years. Moreover, some thermal power units

have entered the period of overhaul so that electricity shortages in the electric networks are more and more serious.

According to the prediction of electricity departments, the shortfall of electric energy in the entire province this year will reach 1.5 to 2 billion kilowatt hours. For this reason, the meeting called for various localities across the province to proceed from the overall situation so as to ensure the normal consumption of electricity in people's lives and in the key enterprises which have a bearing on the national economy and the people's livelihood. To make good the shortage, it is necessary to readjust the teams in charge of production, [words indistinct], enhance the ratio of load, positively disseminate new technology for economizing on electricity, and strive for good efficiency through economizing on electricity, in a bid to make contributions to starting a new take-off in our province.

Jiangsu To Decontrol Grain, Edible Oil Prices

OW2903061093 Nanjing Jiangsu People's Radio
Network in Mandarin 1015 GMT 23 Mar 93

[From the "News" program]

[Excerpts] The provincial party committee and government have decided to decontrol the buying and selling prices of grain and edible oil throughout the province beginning on 1 April in an effort to commercialize the production of grain and edible oil, and to encourage the buying and selling of these products on the market. The price decontrols will mainly deregulate the buying and selling prices of grain and edible oil. In the future, the province will abolish the task of procuring grain and edible oil in favor of contractual purchases. [passage omitted]

Beginning in April, the province will provide appropriate subsidies to urban workers, in order to prevent a significant impact on urban residents as a result of decontrolling grain prices. Monthly subsidies will be six yuan for each worker and four yuan for each college or polytechnic school student. In order to prevent the general commodity level from fluctuating sharply after the prices of grain and edible oil are decontrolled, the provincial government has asked governments at all levels to implement relevant measures aimed at facilitating the direct placement of orders during grain purchases and sales, and at ensuring total supplies. It also urged them to accelerate the establishment of a provincial grain reserve system, to gradually set up grain risk and regulatory funds at all levels, and to make every effort to cultivate and strengthen markets for grain and edible oil. Departments in charge of commodity prices and commercial and industrial administration at all levels should further tighten supervision and inspection of commodity prices, improve market management, and investigate and sternly deal with illegal activities, such as increasing prices without authorization and disrupting market order.

Jiangsu Invests in Increased Salt Production

OW3103065293 Beijing XINHUA in English 0636
GMT 31 Mar 93

[Text] Nanjing, March 31 (XINHUA)—East China's Jiangsu Province has formed an industrial setup to produce both rock and sea salt.

The province has spent 148 million yuan sinking 22 wells in the Huaian, Hongze, Jintan and Fengxian areas to form a combined production capacity of 500,000 tons of rock salt over the past eight years.

With a salt production history of more than 2,000 years, Jiangsu is also one of the major sea salt producers in China.

The province is able to turn out 2.5 million tons of sea salt a year, up from less than 500,000 tons in the early 1950s.

In addition, Jiangsu supplies salt to 11 provinces and cities in eastern and southern parts of the country and exports some overseas.

According to the provincial salt administration, Jiangsu plans to raise its rock salt production capacity to four million tons by the end of the Eighth Five-Year Plan period (1991-1995) and to six million tons by the end of the Ninth Five-Year Plan period (1996-2000).

Jiangsu's Lianyungang City Expands Airport

OW0104081393 Beijing XINHUA in English 0706
GMT 1 Apr 93

[Text] Lianyungang, April 1 (XINHUA)—The airport of Lianyungang, one of China's open coastal cities in Jiangsu Province, is being expanded to meet the needs of the country's rapid economic development.

An official in charge of the expansion said that when the airport completes its expansion later this year, it is expected to be able to accommodate MD-82 and Boeing-767 planes as well as other large- and medium-sized planes.

The official noted that the Lianyungang city government has already invested more than 50 million yuan in the expansion.

The airport will open new air routes linking the city with Hong Kong, Japan and the Republic of Korea when it reopens in September.

Lianyungang city is the eastern terminal of the new Eurasian continental bridge which leads to Europe. With the opening of the new railway, the city is gaining importance, and more overseas business people are coming to the city to seek profitable opportunities.

Shanghai Enterprises Compete Internationally

OW0104032293 Beijing XINHUA in English 0114
GMT 1 Apr 93

[Text] Shanghai, April 1 (XINHUA)—Enterprises in Shanghai, China's leading industrial center, have reached their tentacles to other parts of the world to test their abilities, technology and expertise in the keen competition of the world market, instead of just sitting at home and waiting for the influx of foreign technology and capital.

According to a recent survey, 260 industrial and trading enterprises have set up businesses and agencies in more than 30 countries and regions. They cover such fields as textiles, machinery and electronic appliances, medicine, chemicals, light industry, electronics, construction and engineering, real estate, banking and trading.

A municipal government official in charge of the economy said that 116 of the businesses and organizations overseas are in operation, with good fine economic returns.

Some of them have expanded into group companies.

One example is a knitting mill in Mauritius, which is run jointly by the Shanghai Company of Foreign Relations with the Shanghai Knitting Company.

The mill has built four branch mills in Mauritius and Australia. Their fixed assets have increased by 500 percent and all their products are sold well in France, Britain, Germany, Belgium and Norway.

The participation by industrial and trading enterprises in international competition have helped boost foreign trade of the city.

Six enterprises under the Shanghai Municipal Light Industrial Bureau have set up nine special agents in Japan, the Netherlands, the United Arab Emirates, Bahrain, Russia and Hong Kong to promote Shanghai's imports and exports, help the city collect information and offer services for the city's light industry.

An enterprise set up by the Shanghai Pharmaceutical Administration in Hong Kong is supplying medicine to an American company. Its annual sales of the medicine account for one third of the city's total exports of medicine.

While setting up three enterprises with a combined investment of 500,000 U.S. dollars, the Shanghai textile industry has earned 1.5 million U.S. dollars by selling machinery and raw materials to foreign enterprises and helping them install the equipment. It also has earned more than 600,000 U.S. dollars from labor services. The Shanghai Native Produce and Animal By-Products Import and Export Company has opened five enterprises abroad to process leather and fur garments and shoes with local resources, with an annual turnover exceeding 20 million U.S. dollars.

To strengthen the competitiveness on the international market, Shanghai is organizing transnational groups and companies.

The Shanghai Overseas Company, on the basis of setting up 140 trading enterprises, has established four trans-regional corporations and is set to cooperate with foreign countries to organize trans-regional group companies and trade centers.

The Shanghai Yuejin Stainless Steel Products Group Co. has opened four enterprises in Australia, New Zealand, the United States and Mexico over the past four years and their output value last year surpassed 120 million yuan, up from 12 million yuan four years ago, and earned 14 million U.S. dollars from exports.

Shanghai is China's largest open coastal city. It has stepped up efforts to the New Pudong Area and setting up over 1,000 export-oriented enterprises with a combined investment of about 10 billion yuan made by the central government departments and other provinces and municipalities in recent years.

It has granted the power for handling imports and exports to 1,200 enterprises and approved the establishment of 3,700 foreign-funded enterprises and allowed dozens of foreign banking organizations and trading companies to open agencies in the city.

Many enterprises in the city have geared up to the operations of a socialist market economy and the needs of the international market.

In addition to the system of assuming sole responsibility for their profits or losses, many enterprises have introduced the system of contract responsibility and some are trying out the share-holding system.

Central-South Region

Henan Vice Governor on Counternarcotics Campaign

HK3103145293 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 27 Mar 93

[Text] Hu Tiyan, member of the standing committee of the provincial party committee and vice provincial governor, stressed in Zhengzhou [words indistinct]: It is necessary to mobilize forces throughout the province for comprehensive management and for a truly effective people's war against narcotics.

Hu Tiyan made the above remarks at the Provincial Counternarcotics Work Conference, which ended yesterday. He said: Since the province's first counternarcotics conference in 1991, all localities have followed the principle which stresses both the curbing and eradication of drugs and the banning of drug sales, planting, and taking; have investigated and unearthed a total of over 500 drug-manufacturing and trafficking cases; arrested a number of drug criminals; and seized a batch of drugs.

However, following the development of narcotics criminal activities at home and abroad, the province's narcotics criminal activities will become more serious. Therefore, we must stick to banning drug sales, planting, and taking simultaneously; stop drug sources; strictly enforce laws; curb and eradicate drugs simultaneously; and strive to curb the trend of narcotics crimes.

Hu Tiyan stressed: All localities must conscientiously and properly resolve the problem of illegal poppy planting in the province in keeping with the spirit of being highly responsible for the country, the nation, and the ancestors and descendants, and must launch the campaign of managing rural areas according to law in light of their situation and conscientiously do well in propagating the banning of poppy planting. From now on all localities must launch a campaign to eradicate poppy planting in light of spring wheat field management. Before wheat is ripe this year, they must continue to seize the favorable time when poppies blossom and are found to launch another special struggle to eradicate poppies. All functional departments must strengthen coordination in counternarcotics work; bring into full play their own roles; and use legal, political, economic, cultural, educational, and various other means to prevent, control, and crack down on various kinds of unlawful drug activities in all fields.

Southwest Region

Sichuan Governor Discusses Market Economy

HK0104003093 Chengdu SICHUAN RIBAO in Chinese 6 Mar 93 p 1

["Interview" with Sichuan Governor Xiao Yang by staff reporter Xiong Duanyan (3574 4551 1750): "Questions About the Market Economy"]

[Text] [Xiong Duanyan] Governor Xiao, during the last few months, I have often heard various bits of gossip when covering the news. For example, last winter, the price of rice in Leshan rose from 0.5 yuan to 0.7 yuan per jin, and residents standing in food lines complained loudly about this; in Chengdu, a singer earned several thousand yuan one night, and some primary and secondary school teachers complained about the unfairness of the distribution of wealth in society; the daily remuneration for a foreign expert amounted to several thousand yuan, and some workers were distressed by this and said that it was not fair....In the past, people looked forward to the advent of the socialist market economy at an early date, but today, when the market economy is actually in motion, they are perplexed and confused. Governor Xiao, could you please decipher such new socioeconomic phenomena for our readers?

[Xiao Yang] I cannot decipher this, but we can make some explorations. The phenomena you just mentioned, in my opinion, were mainly related to the action of partial interests in the market economy. In our society,

partial interests include individual interests and collective interests. Although they are fundamentally in keeping with the overall interests, the part is not the whole, and partial interests may always be contradictory somewhere to the overall interests. Thus, some unusual things may arise. For example, food grain in Sichuan is sufficient, but because processing, transportation, and supply cannot keep pace with needs, those who sell rice can raise the price. This is the same case in the gasoline market. When the supply is insufficient, those who sell gasoline can hoard the rare commodity and sell it at higher prices. The contradictions between supply and demand cause the fluctuations in prices. This is a normal phenomenon in the market economy. Prices will fall when supply increases and will rise when the commodities are in short supply. Prices are thus regulated by the market and this is the law of the market.

[Xiong] In the past, prices were controlled by plans over a long period of time. Now, because prices are subject to the market forces, people naturally feel unaccustomed to the new situation and often tend to only notice its negative effects.

[Xiao] The negative effects are self-evident, but the positive effects are also conspicuous. We will use the gasoline price as an example. In the past, the price used to be 2,000-3,000 yuan per tonne. Now, the price has increased to 5,000-6,000 yuan per tonne. Will buses run? Will the pumps peasants use to fight drought still operate? They telephoned the provincial government every day to ask for emergency help. This was a negative effect. However, after the gasoline price rose, it effectively prevented people from wasting gasoline. At the same time, because of profitability, oil production and transportation will be activated. While production increases, consumption will be relatively restrained. The relationship between supply and demand will naturally be balanced. This is the positive effect.

[Xiong] As the positive effect and the negative effect exist side by side, the government's responsibility is to give play to the advantages and check the disadvantages.

[Xiao] Yes, you are right. This is the main purpose of our work. When units producing and dealing in oil gain large amounts of money, although the government cannot totally take the money in a "communist" way, it can still siphon part of the money by means of policies, not to make a pile but to subsidize the "victims" so that buses can run normally and peasants' pumps can work normally. This is the so-called macroeconomic adjustment.

[Xiong] As I know it, macroeconomic adjustment is certainly more than that, but this is indeed an extremely important task. Only with such adjustments can socioeconomic activities continue normally and can comprehensive development and common affluence materialize in society as a whole.

[Xiao] In fact, such regulation and control are not limited to the economic life. You just mentioned the high incomes of actors, actresses, and singers, and it is

also necessary to subject these to regulation and control. An actor who is good at playing the revolutionary leader of the old generation came to Sichuan for a film production. A local organization invited him to give a performance. He walked around waving his hand to the audience saying: "Comrades, how are you doing?" imitating the accent of the leader. He then charged some 10,000 yuan for this performance. Hey, how could his hand-waving deserve so much gold? Some people were very discontented about this, saying that this was a typical case of unfairness in wealth distribution. In my opinion, even if there was unfairness, you still had to pay him that money, as so many people, having great esteem for the revolutionaries of the older generation, like to see his performance of waving his hand in a manner similar to the way the revolutionary leader did. This shows that there exists such demand in the cultural market, and I think that he should be paid for such performances. This was determined by the law of the market. In addition, the actor's stature and facial features provided the very image of the leader and he has high artistic attainments and can imitate the manner of the leader in an appropriate way. Nobody else can replace him in such performances. He has this ability and I do not have it. His hand-waving is worth several thousand yuan and my hand-waving is not even worth a penny. This is a fact you must accept. Art performances are also commodities. His commodity can be sold at a high price and mine is not worth a penny. He deserves that high income and I do not deserve it. This is fairness in our society's current stage. Without accepting this, we cannot usher in a market economy.

[Xiong] Marx said that socialism admits an individual's natural gifts and we should thus admit a substantial difference between individual incomes. However, should "macroeconomic regulation and control" also be applied to this?

[Xiao] Of course, macroeconomic regulation and control are effected through the collection of individual income regulation taxes. For example, part of the more than 10,000 yuan earned by that actor would be taken to increase the state revenue. His hand-waving enabled him to earn more than 10,000 yuan, and this is called the market economy; part of his earnings are transferred to the hands of the state, and this is called macroeconomic regulation and control. We need both market and control. The integration of these two sides is a major characteristic of China's socialism. Do you not think so? (This reporter nodded to express agreement.)

In the socialist market economy, I meet with such things almost every day. For example, a Japanese expert was invited to Sichuan. According to the contract, his remuneration was \$100 per hour. According to the official exchange rate, \$100 was equal to nearly 600 yuan. By working eight hours a day, he earned 4,800 yuan a day. At that time, I was party secretary of the Chongqing City CPC Committee and leader of 15 million people, but my monthly salary was lower than his hourly income. Was that fair? If you thought in this way, you would certainly

feel that it was unfair. However, the expert indeed had the ability to manage the factory in good order, solve difficult technical problems one after another, and finally help develop new products and gain profits of several million yuan, or even over 10 million yuan. Can you accomplish all this? If you feel it is unfair, you can have a try. He did a superb job and then took great remuneration; you pay him great remuneration and finally earn immense profits. This embodies the fairness of socialism!

[Xiong] It is a pity that many people now still do not hold such a viewpoint on fairness in the initial stage of socialism. They do not note other people's ability to create immense value and only complain that other people earn too much money. Such a mentality is a major obstacle to our modernization and construction.

[Xiao] Some people do not take into account other people's contributions to the increases in social wealth and only notice how much other people have taken and how much has been left to themselves. When they see that other people earn more than they do, they immediately cry foul and complain against unfairness. Such a mentality was caused by the old economic structure and was also a remnant from the mentality of "evenly distributing wealth" in the historical period of overthrowing landlords and parceling out their lands to peasants. In those days, we adopted a "supply system" and afterward pursued a planned economy. However, we are now situated in a socialist market economy and conditions have changed totally. How can we still approach things with an out-of-date mentality?

[Xiong] It seems that there is a prolonged historical process from unfairness to fairness in society. Although this is painful for some people, it is an inevitable course of changing from a poor society to an affluent society and there is no other option. Do you agree?

[Xiao] Yes. Because there is so-called "unfairness" in the distribution of wealth, people can be stimulated to diligently study management skills and master technology, and can feel compelled to work hard and compete with each other. This will inevitably promote society's high-speed progress. Management and technology throughout the whole society will then be raised to a high level and social wealth will also "pour out" as Marx described. And then, the phenomenon of selling technology and art at high prices will no longer exist. Of course, in this historical process, the state and the government cannot leave the market to develop completely spontaneously. We should allow enterprises and individuals to act freely in the commodity market so that they can bring their wisdom and ability into full play and can create immense value to gain high income. On the other hand, we should also adopt effective measures for macroeconomic regulation and control. That is, people will be allowed to gain extraordinary profits and earn high incomes but they are also required to hand over part of their profits and incomes to increase the state revenue. This is not aimed at restraining people from getting rich

and still less is this aimed at "robbing the rich to feed the poor." We do not frustrate them; instead, we give them a free hand to get rich. However, at the same time, we also exercise social regulation and control for socioeconomic development in order to eventually realize common affluence throughout the whole society.

[Xiong] In order to realize common affluence, is it necessary to exercise a bit of control over some market prices?

[Xiao] To take the road of common affluence, the government should do one more thing and that is to exercise supervision according to laws and regulations. In any society, the market is not free from all restrictions. In capitalist countries, there are many market rules. Contradictions always exist between partial interests and overall interests; if people are completely free from any market constraints and can do whatever they want, then the market will just fall into chaos. Prices in the socialist market cannot be kept invariable; if prices are all fixed, that will not be a market economy. However, can all prices change at any time? No. For example, electric power is now in short supply, but the price of electric power cannot be changed greatly. Our government has to transform its functions and will not care what means of transportation people are using or what vegetables people are eating. However, we will still take care of such major things as the price of electric power and should still manage it properly.

[Xiong] Moreover, maybe not all enterprises can issue such things as stocks and bonds.

[Xiao] Right. Many people want to buy stocks and bonds. When stocks and bonds are issued, the enterprises can easily collect several million yuan or several tens of million yuan. However, the money is not offered by the banks. If the management is not correct the holders of stocks and bonds will raise a rumpus if they suffer losses and the situation will become very troublesome. Therefore, the central authorities insist that the joint-stock system must be experimented with before it is adopted extensively and the issuing of stocks must be prudent. This is completely necessary.

[Xiong] I think our readers will understand what you have said in theory, but will this be smoothly put into practice?

[Xiao] The issues we just discussed are all new phenomena appearing in the market economy. To solve these issues, the government should: Further loosen control and enliven things and, at the same time, exercise macroeconomic regulation and control; rely on both market and planning; allow some people to become rich first and also ensure that all people will become rich together; and should give consideration to individual and partial interests and also guarantee the overall interests....It is rather difficult to handle all these issues properly. However, as long as we do handle these relationships properly, I think we will be able to pass the test

of the socialist market economy. The provincial government and I are willing to make greater efforts in this regard so that we can pass the test more smoothly.

Yunnan Reports 1992 Economic Statistics

HK3103144393 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 25 Mar 93

[Text] China's national economy, having experienced decline and fluctuation between 1988 and 1992 after rapid growth, has entered a new period of relatively faster development from the comprehensive recovery. According to the preliminary statistics of the provincial statistical bureau, in 1992 the province's gross national product rose to 49.152 billion yuan, and the total industrial and agricultural output value reached 72.24 billion yuan, increasing by 55 and 56 percent, respectively, over 1987 as calculated by comparable prices, or an annual average increase of more than 9 percent.

In the wake of economic development, the local financial income has kept on increasing. Last year, the financial income for the first time broke through the barrier of 10 billion yuan, representing an increase of 1.9 times over 1987, and the fastest growth period in the province since the PRC's founding.

Northeast Region

Heilongjiang 1992 Statistical Communique

SK2603131193 Harbin HEILONGJIANG RIBAO in
Chinese 2 Mar 93 p 2

[Text] In 1992, all people of the province, under the leadership of the provincial party committee and the provincial government, conscientiously implemented the guidelines of Comrade Deng Xiaoping's important talks made during his inspection of south China and the 14th party congress and made bigger strides for reform and opening up. The overall economic operation developed steadily, the total supply and demand were basically balanced, and the economic strength was further enhanced. A good foundation was laid for elevating the economy to a new level in the 1990's. Preliminary statistics show that the gross domestic product [GDP] reached 84 billion yuan, an increase of 6 percent over 1991, which was the highest growth rate in the past four years. The increased value of the primary, secondary, and tertiary industries respectively accounted for 20.7 percent, 55.3 percent, and 24 percent of the gross domestic product. The major problems in the economic operation were as follows: The situation in which industries were operating in a low-speed and inefficient manner was not noticeably changed. There was a strain on transportation. There was excessive new investment in fixed assets. The scale of ongoing construction projects was excessively large. The currency put into circulation rose at a faster speed. Price increases were inordinately high.

1. Agriculture

The agricultural production was developed in a sustained and comprehensive manner. In 1992, the rural areas across the province further perfected the system of contracted responsibility on a household basis with payment linked to output, positively promoted the various forms of agricultural socialized service systems, and increased the input in agriculture. The province comprehensively developed the agricultural production despite the situation in which the weather conditions were not as good as in the previous two years. The increased value of agriculture reached 17.409 billion yuan, an increase of 6.1 percent.

The crop structure was readjusted. We reaped extraordinarily bumper grain harvests. The proportion of high-yield crops was expanded. New technologies, such as thin planting of paddy rice on dry land, transplanting corn seedlings, and the deep plowing of ditches and intensive application of fertilizer for precision dibbling of soybeans, were popularized. Under the situation in which the areas sown to grain were reduced by 79,000 hectares from the previous year and reached 7.348 million hectares, the grain output reached 23.663 million tons, an increase of 9.3 percent over the previous year and 2.3 percent over the peak year of 1990. The areas sown to cash crops reached 735,000 hectares, a drop of 185,000 hectares. The output of oil-bearing crops increased, and that of flax, sugar beets, and flue-cured tobacco was reduced. The output of major farm products was as follows:

| | 1992 | Percentage Increase Over 1991 |
|--------------------|---------------------|----------------------------------|
| Grain | 23.663 million tons | 9.3 |
| Paddy rice | 3.766 million tons | 19.1 |
| Wheat | 4.248 million tons | 11.5 |
| Corn | 10.428 million tons | 3.5 |
| Soybeans | 3.491 million tons | 12.7 |
| Tubers | 757,000 tons | 32.1 |
| Oil-bearing crops | 219,000 tons | 44.3 |
| Flax | 195,000 tons | -26.8 |
| Sugar beets | 5.398 million tons | -13.0 |
| Flue-cured tobacco | 126,000 tons | -25.0 |
| Vegetables | 5.781 million tons | 19.4 |

New headway was made in developing forestry production and making the province green. In 1992, the province afforested 239,500 hectares, an increase of 8.4 percent over the previous year. The afforestation quality was ceaselessly improved, and the forest fire control work was strengthened.

Animal husbandry was comprehensively developed. The output of main livestock products and the number of animals in stock were as follows:

| | 1992 | Percentage Increase Over 1991 |
|--|------|----------------------------------|
|--|------|----------------------------------|

| | | |
|--|--------------------|------|
| Pork, beef, and mutton | 627,000 tons | 13.6 |
| Milk | 1.367 million tons | 13.9 |
| Sheep wool | 12,000 tons | 9.0 |
| Eggs | 459,000 tons | 13.1 |
| Hogs slaughtered | 6.149 million head | 11.0 |
| Year-end number of hogs in stock | 7.632 million head | 5.3 |
| Year-end number of cattle in stock | 4.06 million head | 7.4 |
| milk cows | 697,000 head | 12.8 |
| Year-end number of sheep, goats in stock | 3.086 million head | 1.3 |

Fisheries developed steadily. The annual output of aquatic products was 178,000 tons, up 8.5 percent from the previous year. Of the total, 129,700 tons were produced through breeding, up 20.8 percent.

The conditions for agricultural production were improved. In 1992, the province applied 885,000 tons of chemical fertilizer (100 percent effective content equivalent), up 5.6 percent from the previous year; the rural consumption of electricity was 2.1 billion kilowatt hours [kwh], up 3.4 percent; the year-end total power of farm machines was 11.726 million kw, down 0.6 percent; the number of large and medium-sized tractors totaled 88,000, down 1.1 percent; the number of small tractors was 378,000, up 0.3 percent; the number of trucks was 10,000, the same as in the previous year; the total power of the drainage and irrigation machines for farm use was 1.309 million kw, down 6.3 percent; and the number of water pumps for farm use was 134,000, up 3.1 percent. Construction of farmland water conservancy facilities was further intensified, and the effective irrigated areas were expanded.

The rural economy was developed in a sustained manner in all sectors. Thanks to the accelerated development of township enterprises, the output value of rural industries, construction, transportation, commerce, catering trade, and other nonagricultural sectors registered a 26-percent increase over the previous year, and its proportion in the total product of rural society rose from 38.7 percent to 41 percent.

2. Industry and Construction

In 1992, the province conscientiously implemented the "Regulations on Transforming the Operating Mechanism of State-Owned Industrial Enterprises." The reform of industrial enterprises developed in both range and quality, their transformation of the operating mechanism and adjustment of organizational structure were accelerated, and the role of the market mechanism was enhanced. The annual increased value of industry was 40.806 billion yuan, up 4.3 percent from the previous year and accounting for 48.6 percent of the gross domestic product. The industrial output value was 108.961 billion yuan, up 5.5 percent. In the industrial

output value, heavy industry grew by 7 percent, and light industry by 2.4 percent. The output value of state-owned enterprises grew by 3 percent, that of collective enterprises by 11.1 percent (of which the output value of township-run enterprises grew by 18.6 percent), and that of urban and rural individual and private enterprises, Chinese-foreign joint ventures and cooperative enterprises, and enterprises funded exclusively by foreign firms increased by 38.1 percent. Large and medium-sized enterprises were invigorated, and their industrial output value was 68.774 billion yuan, up 6.9 percent from the previous year.

The output of major industrial products was as follows:

| | 1992 | percentage increase over 1991 |
|---|----------------------------|-------------------------------|
| Chemical fiber | 118,200 tons | 6.3 |
| Cloth | 209,639,000 meters | -15.1 |
| linen | 31,806,000 meters | -3.2 |
| Wool fabric | 4,416,400 meters | -20.9 |
| Edible sugar | 660,300 tons | -7.1 |
| Dairy products | 146,300 tons | 3.0 |
| White wine | 237,300 tons | 4.9 |
| Beer | 709,700 tons | 19.3 |
| Cigarettes | 773,200 crates | 16.4 |
| Machine-made paper, paperboard | 514,900 tons | 3.6 |
| Color television sets | 69,800 | -15.6 |
| Household refrigerators | 30,000 | -37.2 |
| Synthetic detergents | 21,200 tons | 8.1 |
| Plastic products | 110,000 tons | 16.7 |
| Nonrenewable energy production (standard fuel equivalent) | 143.36 million tons | -0.1 |
| Raw coal | 84,776,600 tons | -0.4 |
| Crude oil | 55,658,300 tons | 0.1 |
| Natural gas | 2.287 billion cubic meters | 0.6 |
| Electricity | 34.958 billion kwh | 10.7 |
| Hydroelectricity | 594 million kwh | 3.8 |
| Steel | 1,113,100 tons | 13.7 |
| Rolled steel | 1,099,300 tons | 27.3 |
| Aluminum products | 50,200 tons | -4.3 |
| Timber | 11,781,700 cubic meters | -8.5 |
| Cement | 6,555,200 tons | 20.6 |
| Plate glass | 4,191,500 weight cases | 3.1 |
| Sulfuric acid | 77,000 tons | 11.1 |
| Soda ash | 71,500 tons | -4.7 |
| Synthetic ammonia | 585,100 tons | 6.3 |

| | 1992 | percentage increase over 1991 |
|--------------------------------|---------------------|----------------------------------|
| Ethylene | 324,400 tons | 4.6 |
| Farming fertilizer | 401,500 tons | -0.7 |
| Outer tires | 2.242 million | 42.4 |
| Power generators | 3,626,400 kilowatts | 36.3 |
| Metal-cutting machine tools | 3,713 | 73.3 |
| Automobiles | 15,900 | 52.3 |
| Small tractors | 29,400 | 37.8 |

The situation prevailing in the sales of industrial products achieved a turn for the better. The industrial enterprises realized 96.896 billion yuan in sales value in the year, a 9.7 percent increase over 1991. The sales rate of industrial products reached 96.3 percent, a 1.3 percentage points increase over 1991. The sales rate of light industrial products grew by 2.4 percentage points, and that of heavy industrial products 0.8 percentage points.

The declining trend in the economic results of industrial enterprises was checked. The comprehensive index of the economic results scored by the industrial enterprises at or above the township level across the province, which conducted their accounting independently, was 107.41, which was a 0.33 percentage points decrease from 1991. Of this index, the sales rate of industrial products was 94.7 percent, up 1.19 percentage points; the profit-tax rate of funds was 11.79 percent, down 0.56 percentage points; the profit rate of cost was 13.91 percent, up 0.2 percentage points; the turnover of circulation funds was 1.25 times, down 10 percent; the rate of net industrial output value was 35.97 percent, up 0.24 percentage points; and the per capita productivity (calculated based on the net output value) increased from 8,251 yuan to 9,013 yuan, up 9.23 percent. The number of enterprises that were suffering losses still was relatively large.

Construction achieved rapid development. Along with the faster increase in the investments made in fixed assets and the steady deepening of the reform of the building industry, the production of construction enterprises increased more rapidly. The annual increased value of these enterprises was 5.569 billion yuan, a 13.44 percent increase over 1991; and it accounted for 6.7 percent of the gross domestic product. The economic results scored by the state-owned construction enterprises began to rise in the year. The per-capita productivity of these enterprises was 17,759 yuan, a 20.9 percent increase over 1991. They built 4,707,200 square meters of houses, a 40.5 percent increase over 1991. The quality of construction work was also upgraded.

3. Investments Made in Fixed Assets

Investments made in fixed assets began to rebound. In 1992, the whole society invested 23.57 billion yuan in fixed assets, a 27.2 percent increase over 1991, which was the largest increase in the past 10 years. Of these investments, those made in local projects reached 12.506

billion yuan, a 34.1 percent increase over 1991. Of the total investment, those made by the state-owned units reached 20.83 billion yuan, a 31.4 percent increase over 1991; those made by collective units reached 652 million yuan, a 15.7 percent increase; and those made by individuals reached 2.092 billion yuan, a 1.3 percent decrease. State-owned units undertook 4,434 capital construction projects and equipment renewal and technical renovation projects, each requiring an investment of over 50,000 yuan. Of these projects, 3,288, or 74.2 percent, were new projects in the year, up 405 from the previous year. The total investment involved in the projects under construction in the year reached 75.831 billion yuan, a 33 percent increase over 1991, which surpassed the increase rate of 1992 investments.

Of the investments made by the state-owned units, those made in capital construction reached 10.058 billion yuan, a 34.7 percent increase over 1991; those made in equipment renewal and technical renovations reached 4.277 billion yuan, a 15.1 percent increase; those made in building commercial houses reached 1.995 billion yuan, a 1.3-fold increase; and those made in other projects reached 4.501 billion yuan, an 18.2 percent increase.

The adjustment of the investment pattern made new headway. In the investment of state-owned units, the investment in the primary industry accounted for 2.7 percent compared with 1.6 percent in the previous year; that in the secondary industry accounted for 63.2 percent compared with 72.6 percent in the previous year; and that in the tertiary industry accounted for 34.1 percent compared with the previous year's total of 24.9 percent. In the investment in the tertiary industry, the amount invested in transportation, post, and telecommunication was 8.9 percent.

New achievements were made in key construction projects. In 1992, the province arranged 56 large and medium-sized projects and key projects and 31 equipment renewal and technical transformation projects whose investment exceeded the stipulated standards. These two categories of projects used 4.36 billion yuan and 540 million yuan of investment, respectively. Eight of the large and medium-sized capital construction projects and five of the equipment renewal and technical transformation projects were completed and commissioned. Key projects that were completed and commissioned included the No. 2 generating unit with a capacity of 210,000 kw of the second-phase construction of the Shuangyashan Power Plant; the Mudanjiang Heat and Power Plant with a capacity of 25,000 kw; the Fulaerji General Heat and Power Plant's fifth-phase construction with a capacity of 25,000 kw; the Harbin Brewery's expansion project with an annual production capacity of 50,000 tons of beer; the Harbin Water Company's water supply project with a daily water supply capacity of 150,000 tons; the Jiamusi Petrochemical Plant's expansion project with an annual production capacity of 10,000 tons of epoxy ethane; the Harbin General Bearing Plant's renovation project with an annual production

capacity of 6.33 million sets of bearing; the Qiqihar Steel Plant's second electric furnace workshop with a steel smelting capacity of 143,000 tons; and the Harbin Railway hub project.

Major production capacity increased in the year included 980,000 tons of coal mining, 3.62 million tons of oil extraction, 55,000 cubic meters of timber production, 143,000 tons of steel smelting, 491,000 kilowatts of power generation, 20,000 tons of sulphuric acid production, 1,578 km of microwave circuits, and 246,000 lines on the local telephone automatic exchange.

4. Transportation, Post, and Telecommunication

Transportation, post, and telecommunication witnessed steady development. The annual increased value of transportation, post, and telecommunication totaled 4.556 billion yuan, up 4.1 percent from the previous year; and its proportion in the gross domestic product was 5.4 percent. Land passageways for international trade that was centered in Harbin and directly reached border cities and linked to the important cities and ports of Russia took shape in an initial form; the Harbin Airport opened 38 domestic and foreign air routes; the Beian-Heihe Railway opened to traffic officially; and a transportation structure consisting of waterway, land, and airway transportation was being shaped. However, transportation still could not meet the needs in economic and social development, and strained railway transportation remained serious. The volume of transportation by various means was as follows:

| | 1992 | percentage increase over 1991 |
|------------------------------------|---------------------------|-------------------------------|
| Volume of freight transportation | 84.192 billion tons/km | 0.6 |
| Railways | 71.664 billion tons/km | 0.5 |
| Highways | 5.978 billion tons/km | 3.6 |
| Waterways | 1.62 billion tons/km | 0 |
| Pipelines | 4.93 billion tons/km | -0.6 |
| Volume of passenger transportation | 21.208 billion persons/km | 8.5 |
| Railways | 15.57 billion persons/km | 12.4 |
| Highways | 5.086 billion persons/km | -6.9 |
| Waterway | 31 million persons/km | -13.8 |
| Airway | 521 million persons/km | 170 |

Postal and telecommunications service developed more rapidly. The annual transactions totaled 784 million yuan, up 34.6 percent from the previous year. Of the total, the volume of letters remained the same as in the previous year, that of express mail grew by 1.05 times,

that of long-distance telephone calls grew by 45.7 percent, that of paging service rose by 1.4 times, that of telegrams increased by 6.5 percent, that of newspapers and magazines rose by 7 percent, and the capacity of local program-controlled telephone exchange totaled 307,000 lines, up 203,000 lines from the previous year. The year-end number of telephone subscribers totaled 408,300, up 32.9 percent.

5. Commerce and Commodity Prices

The markets for consumer goods witnessed brisk business while remaining stable. In 1992, the reform in commodity circulation was deepened continuously, market construction was accelerated, and the supplies in the consumer goods markets were ample. The annual volume of commodity retail sales was 44.22 billion yuan, up 13.8 percent from the previous year (the actual increase being 4.9 percent when allowing for inflation). Of the total, the retail sales of consumer goods came to 40.3 billion yuan, up 14.4 percent; and those of the means of agricultural production to 3.92 billion yuan, up 7.9 percent. In the retail sales of consumer goods, those of urban areas came to 26.96 billion yuan, up 16.4 percent; and those of rural areas to 13.34 billion yuan, up 10.7 percent. The growth rates of the commodity retail sales of the units of various ownerships were 10.7 percent for state-owned units, 5.4 percent for collective units, 29.5 percent for individual units, and 23.3 percent for the goods sold by peasants to nonagricultural people. The sales of foods rose steadily, with the sales volume of grain growing by 0.7 percent, that of pork 17.6 percent, and that of fresh eggs 5.7 percent. In clothes, the sales volume of garments grew by 9.3 percent, that of woolen and chemical fabrics increased slightly, and that of cotton cloth and knitted underwear declined. In the sales of durable consumer goods, cameras rose by 6.4 percent, electric fans by 26.1 percent, and other goods recorded either increases or decreases.

The purchases and sales of the markets for the means of production were brisk. In 1992, material departments throughout the province purchased 7.21 billion yuan worth of the means of production, up 20.4 percent from the previous year; and sold 7.96 billion yuan worth of the means of production, up 19.5 percent. The sales volume of the major ones was as follows: The sales volume of rolled steel was 812,000 tons, up 21.5 percent from the previous year; that of motor vehicles 19,600, up 12.7 percent; that of cement 1.267 million tons, up 23.6 percent; that of electric and machinery equipment 1.94 billion yuan, up 32.3 percent; that of coal 10.48 million tons, down 28.7 percent; and that of timber 645,000 cubic meters, down 6.1 percent.

Fairly big strides were made in price reform, and inflation increased. In 1992, grain purchasing and marketing prices were raised; price reform programs were implemented concerning railway freight transportation, coal, natural gas, and other basic products and some public utilities; and house rents and other service charges were

increased. More prices were subject to market regulation, and the mechanism for prices to take shape was notably improved. The annual general index of retail prices increased by 8.5 percent over the previous year, which was 2 percentage points higher than in the previous year. Due to the big rises of grain prices, house rents, water and electricity charges, tuition and miscellaneous charges, and service charges in large and medium-sized cities, the people's cost of living prices rose by a rather large margin.

The percentage increases of the 1992 prices over 1991 were as follows:

| | |
|--|------|
| 1) People's cost of living prices | 9.2 |
| urban areas | 9.7 |
| rural areas | 5.9 |
| 2) Retail prices | 8.5 |
| Consumer goods | 8.3 |
| food | 11.1 |
| grain | 39.4 |
| clothes | 3.2 |
| daily necessities | 2.3 |
| cultural and recreational goods | -1.9 |
| books, newspapers, and magazines | 10.0 |
| medicine and medical instruments | 9.2 |
| building and decoration materials | 5.1 |
| fuels | 27.7 |
| means of agricultural production | 9.6 |
| 3) Service charges | 17.7 |
| 4) Purchasing prices of energy resources and raw materials | 12.8 |
| 5) Ex-factory prices of industrial goods | 11.6 |
| 6) purchasing prices of farm and sideline products | 10.0 |

6. Foreign Economic Relations and Trade and Tourism

Inspired by the great wave of reform and opening up, the whole province notably broadened its scope of opening up, and opened fields to the outside world in 1992. The province's foreign economic relations and trade were unprecedentedly dynamic. The annual volume of foreign trade reached \$2.82 billion, a 42.7 percent increase over 1991. Of this volume, exports reached \$1.83 billion, a 33.2 percent increase; and imports reached \$990 million, a 64.3 percent increase. The province successfully sponsored the third national Harbin border and local economic and trade talks. The total volume of border and barter trades with its neighboring countries reached \$1.59 billion, a 1.2-fold increase over 1991, which ranked the province first among the 19 inland provinces across the country. Of this volume, exports reached \$830 million, a 1.5-fold increase; and imports reached \$760 million, an 86.6 percent increase.

The utilization of foreign capital increased on a large scale, and the province's economic and technical cooperation with foreign countries achieved notable progress. The province signed contracts with foreign countries on 923 foreign capital utilization projects, which showed a 2.5-fold increase over 1991. The contracted amount of foreign capital was \$550 million, a 2.1-fold increase over 1991; and the amount actually used reached \$110 million, a 62.7 percent increase. Of the contracted amount of foreign capital, the contracted amount of direct foreign investment was \$540 million, a 3.6-fold increase over 1991; and the investments actually made reached \$100 million, a 4.4-fold increase. The province made fruitful achievements in inviting foreign investment in technical renovations. During the foreign economic and technical cooperation talks held in Hong Kong in December, the province signed 194 contracts and agreements with business firms from overseas, and the transactions of the contracts and agreements reached 12.4 billion yuan, including \$1.27 billion of foreign capital. In the total contracts and agreements, 95 were contracts worth \$2.88 billion, including \$230 million of foreign capital, and 99 were agreements worth 9.53 billion yuan, including \$1.04 billion of foreign capital. Along with the steady expansion of the fields opened to the outside world, the number of the "three types of foreign-funded enterprises" continued to increase. By the end of 1992, the number of such enterprises registered in the province reached 1,450, an increase of 920, or 1.7 times, over the year-end number of 1991. The construction projects and labor cooperation contracted with foreign countries achieved great development. The province dispatched 15,000 personnel to engage in construction, agriculture, forestry, and medical work to some foreign countries, including the CIS.

The international tourist business was further developed. The province received 123,000 tourists in 1992. They were foreigners, Overseas Chinese, and compatriots from Hong Kong, Macao, and Taiwan who came for sightseeing, relative visiting, fact finding, and other purposes. The number of these tourists showed a 44.6 percent increase over 1991. The income earned from the tourist business reached 73.72 million yuan (renminbi in foreign exchange coupons), a 57.2 percent increase over 1991.

7. Finance, Banking, Insurance

In 1992, the financial departments at all levels throughout the province continued to enforce the project to promote economic development and to achieve a financial balance. According to bulletin statistics, the annual local financial income reached 8.37 billion yuan, a 7.1 percent increase over 1991 calculated in term of comparable standards; and the financial spending reached 10.26 billion yuan, a 7.6 percent increase calculated in term of comparable standards. After settling accounts with the central authorities, the final accounts showed a difference of 180 million yuan between income and spending.

The banking departments did a great deal of effective work in promoting economic development. At the end of 1992, the volume of various deposits of banks and other financial institutions across the province reached 75.29 billion yuan, a 19.99 billion yuan, or 17 percent, increase over the figure calculated at the beginning of the year. The volume of various loans reached 59.36 billion yuan, a 15.93 billion yuan, or 17 percent, increase over the figure calculated at the beginning of the year. The difference between the deposits and the loans was 20.07 billion yuan, a 6.11 billion yuan, or 23.4 percent, decrease from 1991. The annual cash income of banks reached 128.72 billion yuan, a 34.25 billion yuan, or 32.2 percent, increase over 1991. The cash expenditures of banks reached 140.72 billion yuan, a 38.71 billion yuan, or 37.9 percent, increase over 1991. The final accounts showed that the net amount of currency put into circulation was 12 billion yuan, a 4.47 billion yuan, or 59.4 percent, increase over 1991.

Insurance business was further developed. In 1992, the total volume of insurance business undertaken by the province reached 192.05 billion yuan, an increase of 12.6 percent; the total income from insurance business reached 1.19 billion yuan (including 530 million yuan of insurance savings deposits), an increase of 50 percent; and the total expenditures of insurance business reached 530 million yuan, an increase of 25.1 percent. The insurance companies handled 539,000 claims for property losses, an increase of 32.4 percent; and paid out 360 million yuan, an increase of 28.3 percent. A total of 934,000 staff members and workers of 50,832 enterprises and institutions participated in old-age insurance, and 77,504 million yuan of old-age pension were distributed to 161,000 people.

8. Science, Education, Culture, Public Health, and Sports

Along with the in-depth reform of the scientific and technological system, science and technology became more closely related to the economy, and the development of scientific and technological undertakings was promoted. In 1992, the province made 506 scientific and technological findings of various categories. Of this, 18 attained the international advanced levels, 178 were new and leading items of the country, 172 attained the domestic advanced levels, and 138 attained the provincial- or ministry-defined advanced levels. The major scientific and technological findings included research on the theory and processing of the mesh of the all-directional joint elliptic gear wheels; the research on the optimum design of large turbogenerators; the system for analyzing large-scale or extra-large-scale integrated circuits; the development and research of the computer-aided design molding of instruments and meters; and the research and manufacturing of *Coptis chinensis* powder for injection use. The province submitted 2,327 patent applications to the state, an increase of 43.1 percent; and 951 were approved, an increase of 42.6 percent. There

were 1.002 million specialized technicians of various categories in the province, an increase of 3 percent over the previous year.

The province made new headway in education and speeded up the development of ordinary higher education. In 1992, the province recruited 1,351 postgraduates, an increase of 9.8 percent, to make the total number of postgraduates 3,919, an increase of 3.1 percent. The ordinary institutions of higher learning recruited 28,800 students taking regular and special courses, an increase of 20.5 percent; the enrollment in these institutions reached 85,100 students, an increase of 7.3 percent; and there were 22,600 graduates, a drop of 0.4 percent. Secondary specialized education was steadily developed. In 1992, the secondary specialized schools of various categories recruited 23,800 students, an increase of 6.3 percent; and the enrollment in these schools reached 69,800, an increase of 3.1 percent. The enrollment in vocational middle schools reached 142,700, an increase of 0.2 percent; that in technical schools reached 112,900, an increase of 15.2 percent; that in ordinary middle schools reached 1,762,100, a drop of 1.6 percent; and that in primary schools reached 3,780,300, a drop of 2.4 percent. The school attendance rate of the school-age children reached 97.5 percent, and the proportion of primary school graduates entering schools of a higher grade reached 84.4 percent. The province made initial achievements in implementing the "Hope Project." The conditions for running primary and middle schools were improved. There were 1,975 nursery schools, and the enrollment in these schools reached 596,200, an increase of 2.1 percent.

The scale of adult education was brought under control. In 1992, the institutions of higher learning for adults recruited 16,000 students taking regular and special courses, a drop of 27.9 percent; and the enrollment in these schools reached 42,600, a drop of 44.2 percent. The secondary specialized schools for adults recruited 43,000 students, a drop of 13 percent; and the enrollment in these schools was 125,300, a drop of 27.5 percent.

Cultural undertakings developed steadily. By the end of 1992, the province had 94 art performing groups, which staged 11,000 performances; 1,414 mass art centers and cultural centers (stations); 96 public libraries; and 20 museums. The province had 64 radio stations and 46 radio transmission and relay stations; and 39,500 hours of radio programs were produced in the year. The province had 28 television stations and 812 television transmission and relay stations, of which 103 were stations with a capacity of over 1,000 watts; and 4,768 hours of television programs were produced. The province produced one feature film and 12 television dramas, totaling 52 episodes, of which 10 television dramas totaling 39 episodes won prizes. It produced 46 radio dramas totaling 114 episodes, of which 13 dramas totaling 27 episodes won prizes. By the end of the year, the province had 3,343 film projection units, which presented 343,300 shows. In the year, 676 million copies

of newspapers, 70.26 million copies of magazines, and 130 million copies of books and pictures were published.

Public health progressed in a stable manner, and medical conditions were further improved. The province had 8,853 hospitals, convalescent homes, clinics, and other medical units, which had 127,200 beds, up 1.8 percent from the previous year. Full-time health workers totaled 182,400, up 2.4 percent. Of the total, doctors came to 75,400 (including 55,400 doctors of Western and traditional Chinese medicine), up 2.6 percent; and senior nurses and nurses came to 51,300, up 1.5 percent.

Notable achievements were won in physical culture and sports. At large domestic and international competitions, the province won 108 gold medals, 94.5 silver medals, and 78.5 bronze medals, up 1.48 times, 1.22 times, and 60 percent, respectively, from the previous year. Heilongjiang athletes broke one world record (short-track speed skating), two Asian records, and 13 national records. At the 16th Winter Olympic Games, Heilongjiang's athletes won a silver medal, the first medal ever won by Chinese athletes at all Winter Olympic Games. The province held 3,550 sports events at and above the county level, which were participated in by 1.9 million people. A total of 3.3 million people reached the "national standards for physical exercise."

9. Population and Living Standard

Population growth was brought under control. According to 1992 sample surveys on population changes in the province, the birth rate was 16.25 per 1000, death rate 6.12 per 1000, and natural growth rate 10.13 per 1000, down 0.06 permillage points from the previous year. Calculated based on this, Heilongjiang's population totaled 36.08 million by the end of 1992, up 330,000, or 0.92 percent, from the 1991 year-end figure.

In 1992, the province placed 262,000 urban jobless people, up 10.1 percent from the previous year. By the end of the year, Heilongjiang's staff members and workers numbered 8.803 million, up 81,000 from the 1991 year-end number. Of the total number, contract workers of state units numbered 1.092 million, up 130,000; and their proportion in the total workers of state units rose from 15.2 percent in the previous year to 17.0 percent. The annual total wage of workers was 19.7 billion yuan, up 12.3 percent from the previous year; and workers' average cash income was 2,295 yuan, up 10.9 percent, or up 1.1 percent when allowing for inflation.

People's income increased. According to sample surveys of urban households, the per-capita cash income for living expenses was 1,428.5 yuan, a 15.2 percent increase over 1991, or a 5 percent increase when allowing for inflation. Peasants' per-capita net income showed a greater increase, thanks to the increased output of grain, the price increases of grain, and the overall development of the rural economy. According to sample surveys of rural households, peasants' per-capita net income in the

year reached 949.2 yuan, a 214.4 yuan, or 29.2 percent, increase over 1991. The actual increase was 18 percent when allowing for inflation.

Deposits made by both urban and rural people increased on a large scale. At the end of 1992, the volume of deposits reached 47.57 billion yuan, a 8.69 billion yuan, or 22.4 percent, increase over the 1991 year-end figure. Urban deposits rose by 23 percent, and rural deposits rose by 18.4 percent. People had a stronger sense in money investment, and they spent notably more money to buy stocks, bonds, and other negotiable securities.

The housing conditions of both urban and rural residents were further improved. In 1992, the state invested 3.42 billion yuan in housing construction for staff members and workers, a 74.6 percent increase over 1991; and houses totaling 5.825 million square meters were completed, a 36.7 percent increase. The per-capita living space in urban areas reached 5.9 square meters, a 0.1 square meter increase over 1991. New houses totaling 5.458 million square meters were built in rural areas to make the per-capita housing area 17.28 square meters.

The undertakings of social welfare continued to develop. The number of childless elderly people, handicapped people, and orphans collectively supported by society in 1992 reached 47,400, of whom 46,900 were supported by townships and towns. The social collectives operated 1,102 senior citizen houses that accommodated 23,500 persons. Of these houses, 1,089 were run by townships and towns to accommodate 23,300 persons. The civil affairs departments operated 27 social welfare centers, children welfare centers, and psychiatric hospitals, which accommodated 5,660 persons.

Environmental protection achieved greater development. By the end of 1992, the province's environmental protection departments had 110 monitoring stations and three national-level nature protection zones. In 1992, the province invested 86.04 million yuan to fulfill 253 environmental pollution control projects within the definite time. It established 340 dust control zones, totaling 517 square km, in 25 cities; and established in 21 cities 181 zones, totaling 267 square km, where noise control was up to standard.

Note: 1) All data quoted in this communique are preliminary statistics.

2) The gross domestic product and the increased value of various industries are calculated in line with the current prices of the year, and growth rates are calculated in line with comparable prices.

3) The gross domestic product and the increased value of various industries chiefly include the value of laborers' pay, profits, tax revenues, and depreciation; and they do not include the value of the energy resources and raw materials that are consumed.

Jilin's He Zhukang Addresses Study Session

SK2703132693 Changchun JILIN RIBAO in Chinese
1 Mar 93 p 1

[By reporter Guo Yuxue (6753 3768 1331): "The Provincial Party Committee Achieves Gratifying Results in Holding the 14th CPC Congress Document Study Session"]

[Excerpts] The 19-day 14th CPC Congress document study session sponsored by the provincial party committee came to a successful end in Changchun on 27 February. [passage omitted] Leaders of the provincial party committee, including He Zhukang, Wang Jinshan, and Wu Yixia; responsible comrades of the Propaganda Department of the provincial party committee, the provincial Planning and Economic Commission, and the provincial Commission for Restructuring Economy; and specialists and scholars of the theoretical circles made reports on special topics. [passage omitted]

At the closing ceremony held on the morning of 27 February, Wang Jinshan, deputy secretary of the provincial party committee, summarized the study session and talked about his views, particularly on party building; He Zhukang, secretary of the provincial party committee, and Gao Yan, deputy secretary of the provincial party committee and provincial governor, made speeches, respectively.

After fully affirming the achievements made at the study session, Comrade He Zhukang touched on his views on the current work: 1. We should accurately analyze and publicize the situation. First of all, we should point out that although the current situation is excellent and the favorable factors are many, we should also recognize the difficulties and problems. Leading cadres at all levels in particular must clearly understand the difficulties. By analyzing and publicizing the excellent situation and guiding the action according to circumstances, we should make cadres and the masses strengthen confidence, heighten spirit, and enhance the sense of responsibility; make earnest efforts to carry out practical work; accelerate development; and guarantee that the economy will enter a new stage. 2. We have many tasks to perform, but the priority should be placed on pushing the economy forward. All localities should set encouraging economic development targets which can be achieved through strenuous efforts. It is necessary to realize a sustained, steady, and coordinated economic development through the development of the socialist market economy. Leading comrades at all levels, particularly comrades at the county level, should go to the rural areas to help peasants carry out spring farming and to do a good job in linking the producers with the marketing units. This is a top priority and a major affair affecting the overall situation. In industrial production, we still need to pay attention to quality and efficiency and to do a good job in readjusting the product mix and effecting the change of enterprise operational mechanism. We should combine the readjustment of the product mix with the

readjustment of enterprise organizational structure. Principal leading cadres should be good at grasping the crux and attain the objective of raising product quality and raising efficiency by changing enterprise operational mechanism and strengthening management. 3. We should continue to grasp party building. Generally speaking, the achievements in party building over the past few years have been noticeable, and the fighting capacity of party organizations as well as the quality of party members have been enhanced.

But, we should adequately estimate the existing problems. We should unremittently attend to corrupt phenomena and unhealthy trends in various trades and social security, and should place them high on the agenda of the party committee. We should strengthen the sense of party leadership, maintain close ties with the masses, practice the party's purpose, accelerate economic development, and approach the issue of strengthening party building from the perspective of realizing a long period of order and stability in the country. It is necessary to run the party and government strictly, speak less but work more, and grasp party building throughout. In building leading bodies, we should particularly stress the principle of upholding and improving the democratic centralized system. In work style, we should guard against formalism, boastfulness, extravagance, and waste.

Comrade Gao Yan made a brief report on last year's provincial economic situation. He used the word "successful" to summarize the situation of the first year in implementing the objective of pushing the economy to a new stage in three years. [passage omitted]

Su Rong, member of the standing committee of the provincial party committee and secretary general of the provincial party committee, presided over the closing ceremony; Liu Yunzhao, Gu Changchun, Zhang Dejiang, Xiao Chun, Li Deming, and Feng Ximing attended the closing ceremony.

Liaoning Meeting Urges Funds Retrenchment

SK3103134093 Shenyang Liaoning People's Radio
Network in Mandarin 1000 GMT 29 Mar 93

[Text] At today's conference on the cultural, educational, administrative, and financial work of the departments directly under the province, Zhang Rongmao, provincial vice governor, pointed out that plain living, arduous struggle, and building up all our undertakings through thrift and hard work represents a principle we should adhere to in our second pioneering work, and that all units directly under the province should set a good example in this.

Zhang Rongmao said: Since last year, some departments directly under the province have succeeded in remaining industrious and thrifty. However, extravagance and waste were still on the rise in some departments and units. Last year alone, party and government organs directly under the province and their subordinate units

spent 28.07 million yuan to purchase 146 cars, of which 15.68 million yuan came from their budgetary expenditures. In addition, trips abroad were raging. Many people used public funds to travel abroad with the excuse of observation and study. Some departments and units even violated regulations on the use of public funds to subscribe to telephones for private use and arbitrarily distribute commodity coupons. Therefore, resolute measures should be adopted to strictly put such a situation under control.

Ji Yuying, director of the provincial finance department, gave a report at the conference on implementation of the 1992 budget of the provincial-level cultural, educational, and administrative units and opinions on the arrangements for their 1993 budgets. He pointed out: Implementation of the 1993 budget for the provincial-level cultural, educational, administrative funds remains very arduous, and strained supply of funds remains a conspicuous contradiction. Therefore, in the administration of the budget of the departments directly under the province this year, we should continue to reduce the expenses for various purposes, strengthen financial management, and adhere to the principle of keeping the expenditures within the limits of income. We should check and ratify more strictly the budgets of the units and include all the funds for key projects in the capital construction plans and not in the expenditure budgets. Regarding the existing independent institutes, associations, and research societies whose establishment has been ratified, only administrative funds will be allocated to them according to the number of their staff this year. They will have no more operating funds. No funds will be allocated to the newly established institutes, associations, and research societies and the above-quota personnel of the existing ones.

Liaoning Organizational Reform Proceeds 'Soundly'

SK2603145093 Shenyang LIAONING RIBAO in Chinese 7 Mar 93 p 1

[Text] Since the beginning of 1992, the organizational reform of the organs directly under the provincial authorities has proceeded actively and soundly in line with the overall targets of changing functions, delegating powers to lower levels, streamlining administrative procedures, improving relations, streamlining organs and personnel, and improving work efficiency. Initial results have now been achieved.

To accelerate the organizational reform of the provincial-level organs, the provincial government has selected three groups of units of different categories to experiment with the reform. The first group of units, including the provincial economic and technological coordination office, the provincial land reclamation bureau, and two other units, have already been transferred to economic entities and have already begun their operation. In line with the idea of "small organs but large entities," the

provincial water and electricity department is now gradually changing itself into an entity. The water supply bureau and the water conservancy and water resources development corporation have already been established and put into operation. Being subordinate to the provincial water and electricity department, the bureau and the corporation are managing their incomes and expenditures by themselves and are operated as enterprise-oriented institutions. All departments directly under the provincial authorities have, in line with the overall demand of the provincial government, delegated part of their powers to lower levels at varying degrees after conducting a review of their powers and functions. According to incomplete statistics compiled among 28 comprehensive and specialized economic management departments directly under the provincial authorities, 159 powers have been delegated to lower levels.

To accelerate the change of functions of organs, and to create conditions for the next step of organizational reform, many departments have, in line with their characteristics and market demands, initiated economic or service entities of various categories. Based on information from the 28 comprehensive and specialized economic management departments directly under the provincial authorities, 160 office personnel have thus far been transferred to these economic or service entities.

The provincial departments have already started to reduce their internal organs and staff. The provincial supplies bureau has reduced the number of its sections and offices from 13 to 9 and reduced its office staff to 22 persons. In light of the problem that too many nonpermanent organs have prevented functional departments from displaying their role, the provincial party committee and the provincial government have abolished 82 nonpermanent organs, accounting for 55 percent of the total.

Liaoning Presents Titles to Policemen

SK2703143593 Shenyang LIAONING RIBAO in Chinese 11 Mar 93 p 1

[Excerpts] The province held a ceremony in the Renmin Theater on presenting ranks to the people's policemen on the afternoon of 10 March. Attending the ceremony were 1,500 representatives of policemen of the province and Shenyang city. Vice Governor Wen Shizhen presided over the ceremony, and Vice Governor Cong Zhenglong read the title-conferring order at it.

During the ceremony, 158 police officers, including Li Feng, received the title of third-class commissioner-general. The titles were conferred by the PRC's Ministry of Public Security and the PRC's Ministry of Justice. Comrades totaling 6,443, including Wang Lianhui, received the title of supervisor conferred by the PRC's Ministry of Public Security, the PRC's Supreme People's Procuratorate, the PRC's Supreme People's Court, and the PRC's Ministry of Justice. Comrades totaling 3,852, including Liu Zhongqing, received the title of superintendent conferred by the provincial public security

department, the provincial people's procuratorate, the provincial higher people's court, and the provincial judicial department. Seven-hundred and four comrades, including Wang Yu, received the title of constable. The title was conferred by the political department under the provincial public security department, under the provincial higher people's court, and under the provincial judicial department.

After reading the order at the ceremony, Governor Yue Qifeng presented the ranks and certificates of third-class commissioner-general and supervisor to the representatives. The responsible personnel of the provincial public

security department, the provincial people's procuratorate, the provincial higher people's court, and the provincial judicial department, including Guo Dawei, Yang Yeqin, Zhang Huanwen, and Li Chengyi, presented the ranks and certificates of superintendent to the representatives. [passage omitted]

Attending the ceremony were leading comrades from the provincial level and Shenyang city organs, including Quan Shuren, Sun Qi, Shang Wen, Ma Shenglin, Zhang Guoguang, Ge Xifan, Chen Suzhi, Xiao Zuofu, Gao Guozhu, Zhang Rongming, Zuo Kun, Xu Sheng, Wang Jingrong, Zhang Mingqi, and Ren Dianxi.

Officials To Try To Avert U.S. Sanctions

OW0104085093 Taipei CNA in English 0804 GMT
1 Apr 93

[Text] Taipei, April 1 (CNA)—In the nation's last-ditch efforts to avert U.S. retaliation, the Board of Foreign Trade (BOFT) will send a delegation of high-powered officials to Washington around April 4 for informal consultations on intellectual property rights [IPR].

BOFT Deputy Director-General Lin Yi-fu, together with Wang Chuan-lu, Interior Ministry official responsible for copyright affairs, would assume the uphill task, BOFT Director-General Huang Yen-chao said Wednesday [31 March].

The U.S. in the IPR consultation with the ROC [Republic of China] last month issued an ultimatum asking that Taipei meet its demands on IPR protection before the deadline of April 15, or face retaliation.

The focal point of the disputes is the copyright agreement Taipei reached with Washington last year. The ROC legislature shelved eight controversial articles in endorsing the pact, but the move was interpreted as a failure to honor the nation's previous promise.

Lin's visit is seen the last hope for the nation if it is to escape from the American sanctions.

Meanwhile, the administrative branch is also trying its luck by arranging bipartisan coordination. Economic Affairs Minister P.K. Chiang and business leaders are scheduled to meet tonight.

Technology Transfer in F-16 Deal 'Demanded'

OW3103161493 Taipei CHINA POST in English
23 Mar 93 p 4

[By reporter R.L. Chen]

[Text] Lawmakers here yesterday demanded that the military secure technology transfer from the United States in connection with the purchase of F-16 fighters or lose funding for the deal.

Speaking after a closed door meeting of the legislature, lawmakers of both the ruling and the opposition parties warned they could move to buy more Mirage 2000-5 aircraft already on order from France to fill the gap.

"If the military fails to obtain the 10 percent technology transfer of the F-16s as we have required, we will kill the budget for the jets," Chen Shui-bian of the opposition Democratic Progressive Party told reporters.

Ting Shou-chung of the ruling Kuomintang said he agreed with Chen, adding, "We should not let the United States do whatever it wants. If it refuses to transfer the technology, then we should not buy the fighter jets."

But he said the military should also require France to transfer some technology to Taipei with the Mirages.

Parliament here has demanded that Washington commit 10 percent of the offset credit for the F-16 deal to help the ROC build a component plant and maintenance center, and also train maintenance personnel. The United States, however, has yet to respond to the demand.

Chen also quoted Air Force commander-in-chief Tang Fei as saying that the F-16 deal might be affected because Norway, Belgium, Denmark and the Netherlands have yet to decide whether to help fund a mid-life upgrade (MLU) of the A and B models of the fighters which Taipei is buying.

Chen said if the European Countries backed off, the ROC alone would not be able to foot the bill to upgrade the planes.

"Nor should we buy the unimproved version of the A and B models," Chen said, adding the government should strive to obtain the more advanced C and D models and simply drop the French deal.

Ting Shou-chung said the military officials told them that the United States will not commit to the 10-percent offset credit on the grounds that no manufacturers here are able to produce arms products.

"But the Economics Ministry has told us that 31 manufacturers here are able to produce arms products," Ting said.

He said the F-16A and Bs would not be able to counter the Russian SU-27 fighters the mainland plans to deploy.

"It is ridiculous that we cannot choose the planes," Ting said, adding the ROC should buy the more advanced F-18s and Mirage 2000-5s.

Defense Minister Sun Chen later said the government will not consider buying the non-upgraded F-16s. He said only the upgraded version of the F-16s, along with locally produced Ching-kuo indigenous defense fighters, would be adequate for the short- and medium-term.

Official To Visit Beijing To Arrange Talks

OW0104081093 Taipei CNA in English 0744 GMT
1 Apr 93

[Text] Taipei, April 1 (CNA)—Cheyne Chiu, secretary-general of the Straits Exchange Foundation (SEF), is scheduled to fly to Peking from April 7-11 to arrange the eye-catching "Koo-Wang talk" between the heads of SEF and its mainland counterpart, SEF announced Wednesday [31 March].

"The main task of Chiu's trip is to pave way for the 'Koo-Wang talk,'" Shih Chi-ping, SEF deputy secretary-general, told the press Wednesday.

Shih said that he has notified the mainland side, but has yet to receive a response.

SEF Chairman C.F. Koo and Chairman Wang Daohan of the mainland's Association for Relations Across the Taiwan Straits (ARATS) plan to meet in Singapore some time in the near future, though the date has not yet been fixed.

Both the SEF and ARATS are quasi-official organizations authorized to handle cross-strait exchanges.

While there, Chiu will initial the agreements on document verification and compensation for the loss of registered mails between the two sides. The agreements, the wording of which was finalized earlier this week, will be sealed during the Koo-Wang talk.

Former deputy secretary-general to the president, Chiu has said that he will call on ARATS and the mainland chapter of the International Red Cross Society. While both sides have spared no effort in stressing the "private" nature of the Koo-Wang meeting, Chiu himself remarked that "if I bump into mainland officials there, I won't deliberately evade contact with them."

Meanwhile, SEF Chairman Koo denied reports that the ruling Kuomintang is planning to postpone his meeting with Wang as the Democratic Progressive Party insists on being present in a monitoring capacity throughout the meeting.

KMT Blasts DPP on Talks

OW0104100893 Taipei CNA in English 0903 GMT
1 Apr 93

[Text] Taipei, April 1 (CNA)—The Democratic Progressive Party [DPP] has been unhappy to see a peaceful development of cross-strait relations because it goes against the independence of Taiwan sought by the opposition party, Kuomintang spokesman Chu Chi-ying said Wednesday [31 March].

"The DPP has always claimed to try its best to defend the rights and interests of the Taiwan people, but all of the have done [passage as received] is actually against this," Chu said in the strongly-worded statement which was released after the DPP walked out on negotiations with the KMT concerning their role in the first ever high-level talks between the two sides of the Taiwan Straits.

Koo Chen-fu and Wang Daohan, heads of Taiwan's Straits Exchange Foundation (SEF) and mainland's Association for Relations Across the Taiwan Straits, are scheduled to meet in Singapore late this month or early next month to solve problems arising from increased cross-strait exchanges.

DPP legislators have threatened to cut budget for SEF if the opposition was not allowed to join the Singapore talks.

Chu accused the opposition of trying to "politicize" the Singapore meeting which is in fact of an administrative and technical nature.

The doings of the DPP are running against the interests of Taiwan but are in fact in the interests of Peking, which has been pressing Taiwan for entering into political talks, Chu added.

Chu questioned the motives of the opposition in boosting the issue.

He said that under the "guidelines for national unification" which outlines a three-stage approach for China's unification, the "Koo-Wang talks" is in the short-term stage, and is neither "party-to-party" nor "government-to-government" talks.

Chu stressed that talks on China's unification can begin only after democracy and free economy are fully implanted on the mainland and the current cross-strait gap in people's living standard is greatly narrowed.

Therefore, the government's top priority should be placed on developing Taiwan now and people should not be doubtful of the current mainland policy guided by President Li Teng-hui, he added.

Mainland 'Largest Destination' of Outbound Funds

OW0104090493 Taipei CNA in English 0753 GMT
1 Apr 93

[Text] Taipei, April 1 (CNA)—Mainland China has emerged as the largest destination of Taiwan's outbound investments, the Ministry of Economic Affairs (MOEA) said Wednesday [31 March].

Ministry tallies show that Taiwan manufacturers invested a total of U.S.\$250 million in 264 projects in Mainland China last year, accounting for 21.78 percent of Taiwan's aggregate outbound investments.

If unofficial investment channels to the mainland are taken into account, the ratio will be near 50 percent, MOEA officials pointed out.

The officials noted that Taiwan investments mainly focused on the coastal area of southeast Mainland China, with the special economic zone in Shenzhen topping other places.

Major items of investment were rubber, plastics, food, and electronics.

The statistics also found that indirect remittances from Taiwan to the mainland via a third place amounted to more than U.S.\$200 million in 90,000 cases last year, a 56 percent increase from 1991 and a big 249 percent jump from 1990.

Trade Group Visits South American Countries

OW0104092693 Taipei CNA in English 0750 GMT
1 Apr 93

[Text] Taipei, April 1 (CNA)—A 40-member trade and investment promotion delegation, composed of leading

figures in both the government and private sector, is currently visiting Paraguay to promote economic ties with the South American country.

The delegation, led by Jeffrey Koo, chairman of China Trust Company, Ltd., is the largest group of its kind ever to visit the continent.

According to government statistics, the ROC [Republic of China] in 1992 imported U.S.\$14 million worth of goods from Paraguay and exported U.S.\$44 million of products to that country.

In view of the longstanding cordial relations between the two countries, both sides expressed the hope of further developing trade and commercial ties.

For instance, the state-run China Steel Corp., taking advantage of Paraguay's abundant natural resources and electric power generating capabilities, decided recently to set up an alloy steel plant in Paraguay.

The delegation, before arriving in Paraguay, had earlier visited Brazil.

Brazil, the biggest country in South America, is keen to attract foreign investment by implementing a market-oriented economy, Koo said.

In spite of the absence of diplomatic ties between the ROC and Brazil, bilateral trade relations have always been very close. Much room still remains in the field for both sides to exploit, especially on grounds that products of the two countries are complementary, Koo pointed out.

In addition, the Foreign Ministry has recently put South American countries as top priority targets in its diplomatic offensive. It is expected that the ROC's economic and diplomatic relations with the whole region will advance a great deal, Koo said.

Improvement in both economic and diplomatic fronts will also help the ROC in its bid to gain access to the General Agreement on Tariffs and Trade, Koo concluded.

The delegation will later fly to Argentina and Chile.

Minister Seeks Trade Cooperation From Japan

OW0104090593 Taipei CNA in English 0800 GMT
1 Apr 93

[Text] Taipei, April 1 (CNA)—Economic Affairs Minister P.K. Chiang Wednesday [31 March] called on the Tokyo government to help address Taiwan's snowballing trade deficit with Japan.

The two governments should work together on concrete measures to reduce Taiwan's bulging trade imbalance with Japan, he said.

The minister made the appeal in response to president Li Teng-hui's remarks in an interview with CABLE NEWS NETWORK (CNN), which was broadcast worldwide Wednesday morning.

Li told CNN that he does not think the Japanese authorities have been sincere enough in trying to solve Taipei's stubborn trade deficit with Tokyo. He recalled that he personally urged the Japanese to pay attention to the problem during his inaugural press conference.

The president warned that Taiwan's growing trade imbalance with Japan will become a major and serious problem between the two countries, to which he suggested two solutions.

First, domestic manufacturers must upgrade industrial technology and reduce reliance on Japanese imports. And second, Tokyo must open its markets to Taiwan exporters and encourage more technology transfers to Taiwan.

Li also asked the Tokyo government to encourage Japanese investments in Taiwan. But he admitted that Japan's attitude in this aspect has not been enthusiastic.

Taiwan's trade deficit with Japan, which totaled U.S.\$12.9 billion last year, is expected to top U.S.\$15 billion this year and to reach even U.S.\$20 billion in three years.

Chiang, noting the Tokyo government has already started studying how to slash its huge trade surplus with the United States and the European Community, said that Japan should do its part for Taiwan as well.

He expressed the hope that Japan will soon respond favorably to the problem.

Too great a dependence on Japan's key parts and components has been identified as the culprit of the trade imbalance, he said, adding "the more we sell to Japan, the more we buy from Japan."

Technology transfers will be crucial to solving the problem, he stressed.

Hong Kong

PRC, UK Reactions to U.S. Backing of Patten

HK3103121193 Hong Kong Television Broadcasts
 Limited in English 1110 GMT 31 Mar 93

[From the "News at 7:10"]

[Text] Washington has given strong backing for Governor Chris Patten's constitutional reform proposals, and Beijing gave its standard response, telling third parties not to meddle. [passage omitted]

The Chinese Foreign Ministry promptly lashed back, saying the Hong Kong issue is a matter between the Chinese and British Governments, and no third party has the right to meddle in it.

British Ambassador Sir Robin McLaren was reluctant to comment directly on the U.S. backing, when asked whether it would help Hong Kong's case. [begin recording]

[McLaren] You know as well as I do that it creates ... sometimes creates doubts in the minds of people here, but it's a fact of life.

[Reporter] Does Britain welcome this support?

[McLaren] The two are quite separate matters; there's a question of general support for Hong Kong, and there's a question of settling Hong Kong's problems when it comes to differences with China; that's a matter for the British and Chinese Governments to sort out. [end recording]

XINHUA Official on 3d Party 'Interference'

HK0104124593 Hong Kong Asia Television Limited in English 1200 GMT 1 Apr 93

[From the "Main News" program]

[Text] A senior Chinese official has repeated Beijing's demand that foreign countries shouldn't interfere in the Sino-British dispute. His comments follow remarks made in London by the Foreign Secretary Douglas Hurd. Geoff Cutmore reports:

[Begin recording] [Cutmore] At the airport to see off the latest batch of Hong Kong advisers headed for Beijing, NCNA [XINHUA] Deputy Director Zhang Junsheng reiterated China's position on news by the United States and other countries to become involved in the Sino-British dispute.

[Zhang Junsheng in Mandarin] The Hong Kong issue is now a matter between the Chinese and British Governments. After 1997, it is completely an internal affair of China. Interference by any third party in the Hong Kong issue would be wrong.

[Cutmore] Without seeing the text of what the British Foreign Minister Douglas Hurd had told Japanese journalists in London, the deputy director refused to comment. [end recording]

Canada's Joe Clark on Developing Economy, Trade

HK3103065693 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1035 GMT 30 Mar 93

[By reporter Hu Liming (5170 7787 2404)]

[Text] Hong Kong, 30 Mar (ZHONGGUO TONGXUN SHE)—Joe Clark, Canadian minister of constitutional affairs, said: The Chinese economy is developing vigorously and this has benefited trade between China and Canada. He also held both China and Canada hope to see Hong Kong's stability and prosperity.

The former Canadian prime minister said in Hong Kong today that, after winding up his one-week visit to China, he found that economic reform is carried out not only in Guangzhou area but also all over the country. The Chinese economy is vigorously developing and trade relations between China and Canada are close. It is believed that future Sino-Canadian trade volume will continue to grow. He also indicated that during his visit to China he had met with Vice Premier Zhu Rongji and new Vice Premier Li Lanqing, during which the two sides discussed telecommunications, petroleum, natural gas, agriculture, transport, and other issues. Canada's companies are very much interested in making trade investments in the above fields.

During his visit, Clark also met with Premier Li Peng. The latter told him that, having come from societies with a different system, they may have different understandings of issues but, it is believed, they can learn from each other.

Clark also said that trade relations between Hong Kong and Canada are also very close and that Hong Kong's prosperity and stability are very important to China and Canada. He hoped China and Britain can secure coordination in their present row so that Hong Kong can make a smooth transition in 1997 and maintain its prosperity and stability.

Hong Kong Affairs Advisers Leave for Beijing

OW0104113593 Beijing XINHUA in English 1129 GMT 1 Apr 93

[Text] Hong Kong, April 1 (XINHUA)—The second group of advisers on Hong Kong affairs left here today for Beijing to receive credentials from the Hong Kong and Macao Affairs Office under the State Council and the Hong Kong branch of the XINHUA NEWS AGENCY.

Also leaving were the first group of advisers, who have performed their duties for a year.

The two groups of advisers will exchange views on Hong Kong affairs with Chinese officials of departments concerned in Beijing in the next couple of days.

Zhang Junsheng, deputy director of the local branch of the XINHUA NEWS AGENCY, saw the advisers off at the airport.

Of the 49 advisers in the second group, those coming from the business and financial circles made up a large proportion. The group also includes university presidents and professors, individuals from grass root units, former Hong Kong Government officials and expatriates.

"This indicates that the Chinese Government is willing to absorb views from all walks of life in Hong Kong to promote the territory's prosperity and development," observers here said.

Hong Kong Adviser Against PRC 'Second Stove'

HK0104063393 Hong Kong RTHK Radio Four in English 0500 GMT 1 Apr 93

[From the "News at One" program]

[Text] The leader of the newly launched Liberal Party, Allan Lee will tell Chinese leaders that there is no need to plan for an alternative political system in Hong Kong after 1997. Mr. Lee was speaking at the airport before leaving for Peking with the recently named group of advisers to China. He said setting up a so-called second stove would undermine the Hong Kong Government.

[Begin Allan Lee recording, in progress] ...until you have no way to talk to the British, and it is, as I've said, it is a move that you cannot back off of, once you start it. And it is important for the Chinese Government to make that decision. Yet I think the best solution to this political impasse is to negotiate their way out of it, to have both countries discuss a formula that they can agree to, and to assure a through train in 1997. [end recording]

When the Hong Kong advisers arrived at the airport, they faced a protest from a group of about 20 students of the Chinese University. The students waved banners and slogans, saying that the advisers don't represent the views of the people of Hong Kong, and that they are playing a political game.

Patten: PRC 'Second Stove' Not 'Undesirable'

HK0104033093 Hong Kong SOUTH CHINA MORNING POST in English 1 Apr 93 p 1

[Text] The Governor, Mr Chris Patten, last night indicated that he did not regard Beijing's plan to set up a "second stove" to work towards 1997 as anything undesirable. "If China wishes to make administrative arrangements to try to help it discharge its responsibilities from the middle of 1997 more effectively, then so be it," he said as he flew out to Brussels on a promotional

tour. "There is no question that China resumes sovereignty over Hong Kong in July 1997. There is equally no question that Britain is sovereign until that day."

Asked if Britain had shut the door for talks, he said it was important to remember that Britain had asked for talks from October onwards and it was China that invented a new pre-condition which blocked them starting.

Hong Kong Affairs Adviser Discusses Reform Plan

OW0104020593 Beijing Central Television Program One Network in Mandarin 1100 GMT 31 Mar 93

[From the "National News Hookup" program]

[Text] During a recent interview with a station correspondent, Zhu Youlin, Hong Kong affairs adviser and member of the Counseling Committee for the new Hong Kong airport, pointed out that the political reform program pursued by Patten actually is splitting the people of Hong Kong and has created obstacles to the smooth transition of Hong Kong. Zhu Youlin said:

[Begin Zhu recording] First of all, Patten's political reform program has two problems. First, the program itself violates the agreements that China and the UK have already reached; it also violates the Hong Kong Basic Law and the Sino-British Joint Declaration. The political reform program itself has great and unfavorable effects on Hong Kong's prosperity and stability. Another thing is that the program will create a big problem when it has to fit into the Basic Law in 1997. In the near future, he will submit the program to the Hong Kong Legislative Council for approval. This move will create a (?triangular equality) situation that will practically split the people of Hong Kong and damage relations between China and Hong Kong. This will be harmful to Hong Kong's prosperity and stability. We feel that the current Hong Kong British Government is uncooperative with China. Under such circumstances, we feel that we need to do some preparatory work in advance to ensure Hong Kong's smooth transition, prosperity, and stability. The (?idea) of this preparatory work was first raised by us Hong Kong people. We Hong Kong people, with the support of China—the great majority of Chinese people—have very great ability to cope with all problems during the transition period. We have confidence to govern Hong Kong better after 1997. [end recording]

Article Says Patten 'Endangers' Prosperity

HK3103130093 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 13, 29 Mar 93 pp 3, 4

[Article by Sheng Wei (4141 0251): "Patten's Persistence in Confrontation Endangers Hong Kong's Prosperity and Stability"]

[Text] At the First Session of the Eighth National People's Congress, Chinese Premier Li Peng pointed out: China's recovery of sovereignty over Hong Kong "is

China's sacred power and allows no interference or sabotage whatsoever." Li Peng also said: "We have always stood for, and committed ourselves to, maintaining Hong Kong's long-term prosperity and stability. We wish to see cooperation, not confrontation, but the Chinese Government will not, under no circumstances, barter away principles. The British side has now, once again, created an obstacle to cooperation. The British Government alone should take full responsibility for all the serious consequences caused."

It is common knowledge that after the Joint Declaration was signed in 1984, cooperation between China and Britain on the issue of Hong Kong was originally quite good. However, last October, the Hong Kong governor, backed by the British Government and in disregard of trustworthiness, unilaterally forwarded proposals on major changes to the existing political system in Hong Kong. This gesture violates the spirit of the Sino-British Joint Declaration, violates the British side's promise to cause Hong Kong's constitutional development to converge with the Basic Law, and violates the relevant understandings reached between China and Britain. Hong Kong Governor Chris Patten even went so far as to ignore the Chinese side's solemn and just stand and the will of the people of Hong Kong and decided to have his constitutional reform package gazetted in the form of legislation. The Hong Kong governor's repeated act of trampling on the will of the people, deliberately sabotaging Sino-British cooperation, and undermining the smooth transfer and untroubled transition of Hong Kong's political power is bound to provoke, and has provoked, the opposition of all Chinese people, including Hong Kong and Macao compatriots. In this article, I would like to emphatically point out that by abandoning cooperation, opposing convergence, and provoking confrontation, Chris Patten has caused general confusion in understanding and unsettled sentiments in Hong Kong which is jeopardizing Hong Kong's long-term prosperity and stability.

Confrontations Cause Plummeting Stock Prices and Undermine Investor Confidence

In November and December last year, the Hong Kong stock market was subjected to large fluctuations. In the short space of 20 days or so, the Hang Seng Index nosedived after newly acquired record highs, by a total of 23 percent. The aggregate market value lost was about 334 billion Hong Kong dollars.

It is reasonable to say that Chris Patten, in deliberately creating disturbances and provoking confrontation between China and Britain, is the arch-criminal [zui kui huo shou 4997 7608 4393 7445] responsible for the plunge in stock prices. Patten kept denying to the people of Hong Kong the fact that he was the originator of the confrontational situation and the stock market fluctuations and tried to put the blame on the Chinese side but this kind of explanation which turns things upside down, is not convincing.

It is common knowledge that Hong Kong also experienced stock crises during former Hong Kong Governor David Wilson's term. Because Wilson, when assuming office, understood that his duty was to implement the Sino-British Joint Declaration and conduct friendly cooperation in the transitional period, China and Britain had fruitful consultations on many issues related to convergence aimed at a smooth transition and solved quite a number of problems during his term. Even during the stock crisis in Hong Kong in October 1987, Wilson still had cooperation and support from the Chinese side and many remedial measures were taken. As a result, Hong Kong's stock market was stabilized, the people's minds were set at ease, investment increased, emigrants returned, and stock prices picked up.

However, after he succeeded Wilson as Hong Kong Governor last July, Chris Patten did not devote his attention to the development of Hong Kong's economy and the stabilization of its political situation and, still less, to the implementation of the Sino-British Joint Declaration, though he had called it his mission. Instead, he abandoned Sino-British cooperation and established comprehensive confrontation with the Chinese side both in politics and the economy. Under this administrative principle, how can there be a stable political situation of which to speak? And how can there be a clear and stable atmosphere for investment? Starting mid-October last year, because the 14th CPC National Congress set the orientation of market economy and the Sino-U.S. Section 301 talks achieved some results, Britain supported China's joining GATT, British investors swarmed into China in large quantities, and Hong Kong's stock prices experienced a brisk rise with the Hang Seng Index reaching record highs. All this showed a positive effect of the China factor. However, this good momentum of development could not be maintained in the end under the confrontation between China and Britain provoked by Chris Patten.

Thus it can be seen that, under Chris Patten's administrative principle which sabotages cooperation and holds on to confrontation, the nosedive in stock prices was inevitable. It will seriously undermine the healthy development of Hong Kong's stock market, impair Hong Kong's fine investment environment, defeat investors' confidence, and cause irrecoverable losses to the many stock buyers in Hong Kong. If this situation is allowed to continue, it could cause a greater rush of emigrants and a funds drain. Chris Patten has unshirkable responsibility for this.

Confrontations Cause Division Among Hong Kong People and Intensify Social Conflicts

After Chris Patten forwarded his constitutional reform package which provoked confrontation, the people of Hong Kong responded immediately in different ways. When the constitutional reform package had just come out, the minority "China-resisting democrats" were highly delighted and expressed full support for it. Some Hong Kong people were taken in by Patten and also

expressed approval. But the great majority of Hong Kong people, especially those in business circles, were deeply concerned and showed their discontent through silence. As time went on, more Hong Kong people, including personalities from the business circles, published statements in turn openly expressing their disapproval of the constitutional reform package. They emphasized that Hong Kong's political system should converge and that China and Britain ought to cooperate. Various opinion polls have indicated that the number of supporters of Patten's constitutional reform package is progressively declining and the call against the constitutional reform package and the demand for convergence of political systems are becoming more and more popular.

Though Chris Patten in his capacity as Hong Kong governor keeps on saying that he will respect the will of the people and welcomes comments and suggestions on his constitutional reform package from all circles of Hong Kong society, he is only interested in, and encourages, comments and suggestions which support and approve his proposals. As to those comments and suggestions which are against his proposals and demand the convergence of political systems, he either turns a deaf ear or cold-shoulders most of them and even tries to stifle them. For instance, he has repeatedly pressurized the business circles, threatening them that when taking a stand on his constitutional reform package, they must not deviate from the so-called "will of the people," which is in actual fact Patten's own will. This tendentious approach makes it hard for the differing opinions from various social strata to be fully expressed and also tends to cause conflict and antagonism among the people of Hong Kong, thus creating divisions.

Because Patten is sticking stubbornly to his confrontational stand toward the Chinese side, the social conflicts in Hong Kong have shown a tendency to intensify further. The people of Hong Kong have differing opinions on Patten's persistently confrontational administration, embracing both disapproval and approval; conflicts have surfaced among the people of Hong Kong; the peaceful and tranquil life has been affected and shaken; and an undercurrent of unsettlement and anxiety prevails throughout the entire society. On the other hand, Patten and the "China-resisting democrats" use, and are in league with, each other; isolate and attack the just voices for convergence in the Legislative Council [Legco]; and attempt to control and manipulate the Legco and achieve the goal of having the constitutional reform package adopted by the Legco. In order to support Chris Patten and cooperate with him in pressurizing the Chinese side, the "China-resisting democrats" even energetically advocate using the so-called "referendum" method to vote on the package. A minority have even tried to intensify the conflicts by conducting street politics, escalating the dispute among the people of Hong Kong.

In the transitional period, Hong Kong very much needs the people of Hong Kong to unite as one, cross the river in the same boat, and safeguard social stability and

prosperity. Chris Patten provoked the confrontation and has refused to change his course, causing division among Hong Kong people, intensifying social conflicts, and introducing various destabilizing factors to Hong Kong society.

Confrontation Impairs Convergence in 1997 and Obstructs a Smooth Transition

On the whole, after the signing of the Sino-British Joint Declaration, the cooperative relations between China and Britain were quite good. Despite some differences on certain issues between them during this period, both parties showed sincerity in implementing the Joint Declaration, displayed the cooperative spirit of seeking common ground while reserving differences, solved a series of problems through consultations, and continuously created favorable conditions for the smooth transfer of political power. However, Chris Patten, after assuming office, made a fundamental change to Britain's consistent China policy and strategy in Hong Kong. He abandoned cooperation, sabotaged convergence, persisted in confrontation, posed an unprecedented challenge, and created an enormous obstacle to Hong Kong's smooth transition.

Politically, Chris Patten has persisted in confrontation and dished out a "three violations" constitutional reform package, obstructing the smooth transfer of political power around 1997, and making it impossible for the "through train" mode in the political system jointly designed by China and Britain to be realized. One cannot help ask this question: Seeing that the British have never given democracy to the people of Hong Kong during their rule in the past more than 150 years, why did Chris Patten, after assuming office, want to give the people of Hong Kong a "democracy" that is going to last only one and half years? Obviously, his intention is to play a political trick and make some trouble, to extend and retain British colonial rule over Hong Kong, take away the substance from the special administrative region [SAR] government's power, and expand Britain's influence in Hong Kong after 1997.

Economically, Patten's adherence to confrontation is bound to further enable British conglomerates to enjoy more unfair privileges, which is detrimental to the healthy development of Hong Kong's economy. After he assumed office, Patten put forward his constitutional reform package on the one hand and got up to some tricks on the new airport issue on the other hand. Last November, in a steamroller attempt to launch the airport project, he violated the relevant provisions in the Memorandum of Understanding on the New Airport and manipulated the Legco to approve, unilaterally, the financial allocation for the airport's site formation project, before China and Britain reached any agreement on the overall financing arrangements for the airport project. Almost at the same time, the British Hong Kong Government unilaterally ratified the Container Terminal 9 contract. This series of actions were an open challenge to the Chinese side. Therefore, the Chinese

side had to solemnly declare: "According to the Sino-British Joint Declaration, Britain's rule over Hong Kong will terminate on 30 June 1997. Therefore, it has no right to handle any affairs concerning what happens beyond 30 June 1997. For this reason, the validity of all contracts, leases, and agreements signed or ratified by the British Hong Kong Government will only continue until 30 June 1997. Apart from land leases, which are under separate provisions in Annex 3 of the Sino-British Joint Declaration, other contracts, leases, and agreements signed or ratified by the British Hong Kong Government which have not been acknowledged by the Chinese side will be invalid after 30 June 1997." The purpose of this gesture is to make sure that the British Hong Kong authorities do not take advantage of their power of government before 1997 and let British conglomerates sign more contracts in an unfair way, leaving a heavy financial burden on the SAR government.

The stability of the civil service contingent is an important safeguard of Hong Kong's smooth transition, prosperity, and stability. Chris Patten's provocative confrontation has made Hong Kong's civil servants generally feel anxious and worried. This is because the escalation of the confrontation will probably make it impossible for China and Britain to cooperate and solve the problems concerning civil servants in the transitional period through consultations. This will in turn damage their immediate interests which they do not deserve. Therefore, Sino-British confrontation is bound to affect the civil servants' confidence in Hong Kong's future, aggravate their anxiety, undermine the stability of the civil service, and take away their strong support for Hong Kong's smooth transition.

By abandoning cooperation and convergence and choosing to put up comprehensive confrontation with the Chinese side politically and economically, Chris Patten is actually trying to cause trouble in Hong Kong, create division among local people, and throw Hong Kong into chaos in various respects. This will subsequently attract the concern of, and interference from, the international community and give rise to the situation whereby the SAR government loses control over Hong Kong and becomes unable to rule the territory politically or take good care of its economy. When this happens, the British would be able to snatch more political and economic benefits in the midst of chaos.

Confrontation Harms Hong Kong People's Interests and Removes the Guarantee of Prosperity and Stability

When assuming office, Chris Patten claimed that he had come to Hong Kong without any "secret mission" and that his only mission was to "safeguard the interests of the people of Hong Kong." Several months have passed and the people of Hong Kong have been listening to his words and watching his actions, only to find that Patten is a typical case of thinking in one way and behaving in another, or acting in a way that does not match his words. The statements he made, such as "representing the interests of the people of Hong Kong," "sincerely

cooperating with the Chinese side," and "proceeding on the track laid down by the Basic Law," all pay lip service. Doing his utmost to serve Britain's interests was his most important objective on taking up the post.

Just as Mr. Lee Kuan Yew, renowned Singaporean statesman, reminded in a speech he delivered in Hong Kong last December, the people of Hong Kong should guard against Western countries [xi fang guo jia 6007 2455 0948 1367] turning Hong Kong into a pawn for pressurizing China.

Thus it can be seen that by sticking to the administrative approach in confrontation with the Chinese side, Patten is taking a dangerous political gamble under the banner of "democracy" and the stakes are the interests of Hong Kong people. By playing this game, Patten has cast a shadow on the Hong Kong people's honest longing for a smooth transition and a peaceful and satisfying working environment and lifestyle, causing great damage to Hong Kong's prosperity, stability, and future. The current confrontational situation was provoked by Chris Patten, thus the British side should be held fully responsible for it. The Chinese side will never give in on the principled question of diplomatic trustworthiness. Even so, the Chinese Government is still determined to remove the obstacles created by the British side, firmly abide by the Sino-British Joint Declaration, rigorously observe the Basic Law after 1997, and ensure the comprehensive implementation of the principle and policy of "one country, two systems." The Chinese side believes that even if the British side refuses to cooperate, as long as the Chinese Government truly relies on the people of Hong Kong and unites everybody's efforts together, it will certainly be able to overcome the temporary difficulties and maintain Hong Kong's long-term prosperity and stability.

Patten's Policy of 'Confrontation' Viewed

HK0104064993 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 13, 29 Mar 93 p 5

[Article by Zhang Ke (1728 4430): "Patten Cannot Absolve Himself of Blame"]

[Text] Just when most Hong Kong residents were harboring hope that China and the UK would hold talks over Hong Kong's constitutional reform issue, Christopher Patten, who had all along claimed himself to be "showing respect for people's opinions," made a decision on 12 March that he would publish his "constitutional reform proposals" in the British Hong Kong Government gazette, thus shocking, disappointing, and greatly angering the bulk of Hong Kong residents. This action has signified that Chris Patten was bent on brushing aside the Sino-British talks, and officially introducing his "three violations" "constitutional reform proposals" into the legislative procedures in the hope of their implementation. Immediately, there was a hue and cry in Hong Kong's public opinion, and the Hang Seng

index suffered a nosedive. Consequently, Sino-British relations turned even colder.

This action of Chris Patten's has once again exposed the policy of noncooperation and confrontation with the Chinese side that he has pursued since he took the Hong Kong governor's office. In his policy address delivered on 7 October 1992, Chris Patten set out his important "constitutional reform package" which would make important changes in Hong Kong's existing constitutional structure. Under the pretext of "quickening the pace of democratization," a great trick was played concerning the election of the last tenure of the Legislative Council in 1995, and thus the factor of direct elections would be expanded in disguise, which is a serious violation of the Sino-British Joint Declaration, the principle of converging with the Basic Law, and related agreements and understanding reached between the Chinese and British Governments. Prior to Chris Patten delivering his policy address, the Chinese side had admonished him to set store by the general situation of Sino-British cooperation through diplomatic channels, to abide by the stipulation in the joint declaration that consultations and cooperation between China and the UK must be augmented during the second half of the transitional period, and to consult with the Chinese side on the issue of the 1995 election. During Chris Patten's visit to Beijing, a responsible person of Chinese Government relevant department once again warned him of the consequences, indicated that his package had violated the Joint Declaration, the principle of converging with the Basic Law, and various arrangements made according to the relevant agreements and understandings reached between the Chinese and British Governments, and gave him well-meaning advice, persuading him to return to the track of cooperating with the Chinese side. Nevertheless, Chris Patten turned a deaf ear to all this, and was bent on going his own way. Thus the open polemic between China and the UK on Hong Kong's constitutional reform began.

In the 150 years of British rule over Hong Kong, the UK has never pushed democracy on Hong Kong, so why should it make an abrupt about-face when China is about to restore its sovereignty over Hong Kong, and be so keen on a "democratic government" in Hong Kong as well as the pursuit of "delivering power to the people" so much? An increasingly greater number of Hong Kong residents have seen through British colonialists' ulterior motive, and come to see that this is the component of the British Government's strategic arrangements for its pullout from Hong Kong, with an aim to turn Hong Kong into a political body or semipolitical body under British manipulation, which will confront the Central People's Government after 1997. When the diplomatic letters exchanged in early 1990 between the Chinese and British foreign ministers on the agreements and understanding reached through negotiations between the two sides on Hong Kong's constitutional structure were made public, most Hong Kong residents got a clearer picture of Chris Patten's true feature of advocating false

democracy while pursuing confrontation in reality. Hong Kong figures from various circles have issued statements or delivered speeches one after another to strongly criticize Chris Patten's package for neglecting convergence and the Hong Kong residents' will, creating social disintegration and confusion, and jeopardizing Hong Kong's stability and prosperity; and they demanded that Chris Patten withdraw his "three violations" package and restore consultations and cooperation with the Chinese side. At the same time, some figures with vision in British political circles one after another criticized Chris Patten for violating the UK's international commitment and harboring personal political ambition. In the wake of Chris Patten delivering his inaugural report, he left for foreign countries lobbying for the international community's support of his package, with insignificant results. The development in the situation grew increasingly unfavorable to Chris Patten.

Under such circumstances, the British side officially expressed the wish to hold talks with the Chinese side on the arrangements for elections through diplomatic channels. Proceeding from the whole situation of restoring Sino-British cooperation, the Chinese side made a positive response. The two sides conducted frequent diplomatic contacts on the issue of talks.

From the very start, the Chinese side had solemnly indicated: The publication of Chris Patten's "three violations" package in the form of a bill and its being submitted to the Legislative Council [Legco] before an agreement is reached would only mean a roadblock to talks. However, Chris Patten threatened to gazette his "constitutional reform package" and repeatedly set a deadline to add pressure on the Chinese side and interfered with the diplomatic contacts of the two sides. During that period, Chris Patten spread the word that should a Sino-British agreement be reached, it must be submitted to the Hong Kong Legco for its deliberation, which would have the final say in an attempt to play the trick of a "three-legged stool" and create a pretext for upsetting or revising the agreement which might possibly be reached between the two sides in the days to come, thus shifting the Sino-British dispute to the Chinese side and Hong Kong. The Chinese side promptly revealed the British side's evil plot, and indicated: A signatory observing an international agreement it has signed is the basic criterion in international law; the Hong Kong Legco is not entitled to upset or revise any possible agreement reached between the Chinese and British Governments; on the contrary, as soon as an agreement is reached, the British Government is obliged to ensure its implementation to the letter in Hong Kong. Later, the two sides reached unanimity on many points on the issue of talks, with the exception of the dispute over the status of members participating in the talks from both sides. The Chinese side proposed that the two governments each send one representative to participate in the talks, and each be assisted by several advisers or experts in his work. The reason is very simple: The talks would be diplomatic talks between two sovereign states, China

and the UK, which should be conducted between the representatives of the two governments. With the exception of the representative, all officials from the Chinese side participating in the talks would be in the capacity of advisers or experts assisting the representative in conducting the talks. However, the British side insisted on requiring that Hong Kong Government officials participating in the talks hold official status, but that did not hold water. It was precisely at this point that the dispute remained unsettled, awaiting further negotiations, that Chris Patten brazenly announced publication of his "three violations" package in the government gazette.

Facts show that from the very start Chris Patten had not the least sincerity for resolving the Hong Kong constitutional issue through Sino-British talks. Superficially, he stated that he was willing to talk with the Chinese side on the basis of the Sino-British Joint Declaration, the principle of converging with the Basic Law, and related agreements and understanding reached between China and the UK; however, he did that only to deceive public opinion and lead the public in an erroneous direction. In reality, he has stubbornly insisted on his "three violations" package; the gazetting of which was only the first step in Chris Patten's wishful thinking, and the next step will be submitting the package for Legco's discussion, in an attempt to make it an accomplished fact to force acceptance of the Chinese side. Chris Patten is still on his way to confrontation with the Chinese side.

Nevertheless, the Chinese Government and people will never let the British Government support and connive with Chris Patten to continue to create chaos and turbulence during his rule of Hong Kong in the last few years. On the very third day when Chris Patten announced gazetting his "constitutional reform proposals," at the First Session of the Eighth National People's Congress, Chinese Premier Li Peng solemnly expounded the Chinese Government's position: "We have all along advocated and actively exerted efforts to maintain Hong Kong's long-term prosperity and stability. We hope for cooperation, and are unwilling to confront; however, the Chinese Government will never barter principles away. Today, the British side has again created artificial hurdles to cooperation; thus the British Government must bear responsibility for all grave consequences resulting from this." It has not been long since Chris Patten took the Hong Kong governor's office; however, he has already brought turbulence to Hong Kong, which used to enjoy peace and tranquility, and destroyed the foundation for Sino-British cooperation. Chris Patten can never shirk the historical responsibility for this crime. Just as Lu Ping, State Council Office for Hong Kong and Macao Affairs director put it, Chris Patten would become a sinner to be condemned for all time in the history of Hong Kong!

Bao Xin 'Letter': Patten 'Sabotaging' Transition

HK0104090893 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 13, 29 Mar 93 p 2

["Letter From Beijing" by Bao Xin (7637 0207): "It Is Patten Who Is 'Setting Up a New Kitchen' and Deliberately Sabotaging Hong Kong's Smooth Transition"]

[Text] Dear Brother:

Hong Kong Governor Patten brazenly "gazetted" the so-called "political reform package" on 12 March. This move, in which he stubbornly clung to his position of "three violations" and in which he deliberately sabotaged the steady transition of Hong Kong, aroused the extremely great indignation of deputies to the First Session of the Eighth National People's Congress [NPC] and of members attending the First Session of the Eighth Chinese People's Political Consultative Conference [CPPCC] in Beijing.

On 15 March, when delivering the Government Work Report, Premier Li Peng unusually made important revisions to his speech, which had been printed and distributed in advance, so as to declare the Chinese Government's solemn and just stance. On 17 March, when meeting Hong Kong and Macao deputies and members to listen their views on the Government Work Report, Premier Li Peng stated clearly again the Chinese Government's unambiguous position on this issue. On the same day, Lu Ping, director of the State Council Hong Kong and Macao Affairs Office, especially held a news conference on this matter to present the course and real facts of events and to explain in detail the Chinese Government's stance. On 19 March, when meeting Mr. Louis Cha, chairman of the Hong Kong MING PAO Group, Jiang Zemin, general secretary of the CPC Central Committee, reiterated the Chinese Government's stance, as did Li Ruihuan, member of the CPC Central Political Bureau Standing Committee, who presided over the executive presidents' meeting of the Presidium of the First Session of the Eighth CPPCC National Committee, when he met Hong Kong and Macao members. These remarks made by Chinese party and government leaders were unanimously supported by deputies and members of the "two sessions."

I think that such a series of unusual moves taken by CPC and state leaders indicates the Chinese Government's profound concern about the Hong Kong issue. The principled stance declared by the Chinese Government on the so-called "political reform package" gazetted by Patten can be summarized into several points as follows: First, this is a violation of the spirit of the Sino-British Joint Declaration, a violation of the promise made by the British side on convergence between the development of the Hong Kong political system and the Basic Law, and a violation of the relevant understandings already reached between the Chinese and British sides. It virtually creates chaos and obstacles to the smooth handover of political power and the steady transition of Hong Kong. Second, the Chinese Government consistently advocates and vigorously devotes itself to working according to the Basic Law, developing Hong Kong's democratic politics in a step-by-step manner, maintaining Hong Kong's long-term prosperity and stability, and ensuring the implementation of "one country, two systems" in Hong Kong. Third, the Chinese Government expects cooperation and does not wish to have confrontation, but the Chinese Government will never barter away principles.

As everyone knows, the nature, structure, duties, and methods for the formation of the political system of the future Hong Kong Special Administrative Region [SAR] have been stipulated in explicit terms in Chapter 4 of the Basic Law. And these were fixed only after the Hong Kong SAR Basic Law Drafting Committee and the Consultative Committee had spent four years and eight months holding repeated consultations and soliciting opinions from various sectors in Hong Kong and in the mainland. When the Basic Law was examined and approved by the NPC in April 1990, the British Government bestowed praise on the entire process of formulation.

Now, Patten is not working according to the Basic Law but starting all over again. In fact, it is he who is "setting up a new kitchen." Just as Lu Ping said at the news conference: Since the "kitchen" built by Mr. Patten cannot converge with the Basic Law and cannot be used after 1997, the Chinese Government will thus have to take corresponding measures to build a new "kitchen" in accordance with the design of the Basic Law, and the aim is precisely to try to realize the steady transition and smooth handover of Hong Kong in 1997, to maintain the long-term prosperity and stability of Hong Kong, and to implement "one country, two systems."

Figures here generally hold that Patten made this move to deliberately sabotage Hong Kong's steady transition while flaunting the banner of "fighting for democracy" on behalf of Hong Kong people. Regarding this, Premier Li Peng unequivocally pointed out again, in the Government Work Report: "The Basic Law of Hong Kong is a product which fully carries forward democracy. The move made by the British Hong Kong authorities virtually creates chaos and sets up obstacles to the smooth handover of political power and the steady transition of Hong Kong, and it is not a question of whether or not we want democracy."

Dear Brother, you may have noticed that at the news conference, Lu Ping spent quite a bit of time presenting in detail the course of consultations between the Chinese and British Governments on resuming talks. The facts clearly indicate that it was not that the Chinese side was unwilling to negotiate, but that the British side undermined the basis of talks between the two sides. The British side also placed obstacles in the way of talks and closed the door on negotiations. Just as Premier Li Peng said on 17 March, "now the core issue is that the British Hong Kong authorities do not acknowledge that the talks are between the two sovereign countries of China and the UK. Under the present circumstances, it is not that we are unwilling to talk and to cooperate; the problem is that the British side is deliberately sabotaging the talks."

History indicates that today's China is not the Old China, which allowed itself to be trampled on during the period of the Opium War in 1840. On 1 July 1997, Hong Kong must be returned to the motherland, and China will certainly resume sovereignty over Hong Kong. "One country, two systems" will certainly be implemented so as to maintain Hong Kong's stability and prosperity. For Hong Kong to have a steady transition, cooperation between the two sides

of China and the UK is essential. Hence, the British Hong Kong authorities must give up the so-called "political reform package" and return to the track of Basic Law. The CPC always means what it says!

Bao Xin
22 March

Monetary Authority Starts Operations

HK0104042693 Hong Kong THE STANDARD in English 1 Apr 93 p 19

[Report by Simon Fluendy]

[Text] Hong Kong's equivalent of a central bank, the Monetary Authority, starts operations today under the leadership of chief executive Joseph Yam, who is charged with defending the Hong Kong/US dollar peg. The authority has been created by splitting the Exchange Fund from the other division of the Monetary Affairs Branch, the Financial Services Division, which is headed by Michael Cartland.

After the change, Cartland becomes the new financial services secretary. As part of his new job, Yam will be in charge of managing the territory's foreign reserves, estimated to be worth more than \$235 billion. He has signalled that with the authority's creation the Exchange Fund will be managed in a more aggressive way.

At present, accountants Ernst and Young estimate the fund is losing 2 percent a year in real terms. The accountant's tax services chairman, Marshall Byres, said he expected the Exchange Fund to achieve a yield of 8 percent in 1992 through currency and foreign exchange management.

Byres said that because of Hong Kong's double digit inflation this meant there was likely to be a net erosion of funds. However, although he ruled out a "speculative frenzy", Yam said the fund should make a profit through prudent investment. The fund would be more active in attempting to predict currency movements rather than just reacting to them, he said.

Yam will also be in charge of banking supervision; the Exchange Fund has a vital role in the development of Hong Kong's capital markets. Cartland, meanwhile, will take over responsibility for "equally important areas in financial services such as the securities market, insurance industry and corporate and company matters", a government spokesman said. Legislation aimed at regulating the insurance industry and foreign exchange trading companies is already in the pipeline.

Convergence on 'Matters Monetary' 'Seamless'

HK0104050893 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 1 Apr 93 p 8

[Report by Laura Tyson]

[Text] Against a backdrop of a dispute over democratic reform in Hong Kong, China and Britain are quietly laying the groundwork for the territory's economic future. While the prospects for "convergence"—the term coined by Beijing for agreement over interpretation of treaties between the two countries—on the political front appear dimmer by the day, convergence on matters monetary appears entirely seamless.

Epitomising this is the formation of Hong Kong's de facto central bank, which marks its formal establishment today in what is viewed as a sign of Beijing's unequivocal support of the territory's financial system and the British-formulated policy which underpins it. "On monetary management, the objective is quite clear," says Mr Joseph Yam Chi-kwong, chief executive of the new authority. "We are talking about stability and prosperity. There's no scope for different interpretations of what that should be."

"There is no difficulty at all, which is a clear indication that rather technical matters like monetary management, reserve management and banking supervision can actually be separated from politics."

Perhaps this is not surprising given what some might view as a culturally ingrained penchant for pragmatism where money is concerned among the Chinese and British. Whatever the rationale, the Sino-British economic operations are viewed as encouraging by those looking past the daily gyrations of the Hang Seng Index.

Bankers Trust economist Bill Overholt, who is putting the finishing touches on a book on China's economy, says it was China's "tremendous" interest in Hong Kong's prosperity which led to Beijing's endorsement of the "one country, two systems" concept. "It wasn't any kind of compromise with Britain; it was that Deng Xiaoping understood that having a highly prosperous Hong Kong sparking the Chinese economy was the best thing that could possibly happen to China," he says. "They will do whatever is necessary to gain full sovereignty, but they're absolutely determined to make the Hong Kong economy work. And I think at this point their people are just as sophisticated on technical issues like currency matters as (Western monetary authorities) are."

The Hong Kong-based Political and Economic Risk Consultancy writes in its fortnightly bulletin released yesterday that, to date, there is every reason to believe that China will try to promote Hong Kong's regional financial role. "Provided the economy keeps growing at its current pace, and the local stock market is holding its own, business and Hong Kong residents may start becoming more comfortable with the prospect of the switch in sovereignty," the report says.

Shanghai Radio Signs Deal With Hong Kong Firm

HK3103024693 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 31 Mar 93 p 6

[Text] Radio Shanghai has followed the path taken by China Radio International (CRI) and Metro Broadcast earlier this month by forging an agreement with a Hong Kong-based company for programming and advertising.

The 50-50 joint-venture company, to be based in the territory, will be known as China Advertising Liaison (CAL) and is an affiliate of the CAL group of companies. The terms of the deal provide for an equal split of advertising revenue.

China Advertising Liaison will sell all overseas commercial time on Radio Shanghai, supply programmes and act as sales agent for local and foreign advertisers on the shows supplied. "Shanghai is playing a more important role with China opening up, so we are making an effort to improve our service," said Mr Chen Wen-bing, vice-director of Shanghai Radio Broadcasting and TV bureau.

The issue of joint ventures with media companies on the mainland is still sensitive and the Chinese Government monitors them closely. Only recently has it allowed agreements between broadcasters. So, though Radio Shanghai and CAL International have worked together since 1986, it has been on terms of co-operation rather than a joint venture deal.

One of the reasons for establishing the joint venture concerned a twice yearly radio festival hosted by Radio Shanghai in November. "Part of our responsibility is to sell the festival well in advance and get sponsors for each concert or event," said Mr Peter de Krassel, chairman and chief executive officer of CAL International.

CAL International supplies programming from the US broadcast network ABC. These shows, which are sponsored by a variety of companies, are distributed throughout China. One of them, the twice-daily broadcast American Music Hour, is the highest-rated foreign radio show on the mainland. ABC's radio shows have been broadcast in China since 1986, on a variety of networks. Sponsors have included Marlboro, Pioneer stereo equipment and Parliament cigarettes.

Alongside the festival, the rationale behind the joint venture was to give Radio Shanghai an organised way of selling advertising time, Mr de Krassel said. "Radio Shanghai can use its time better, rather than being bothered by advertising agencies from Hong Kong who can now approach me direct," he said. "In effect, the station does the programming and we sell the advertising." He said CAL's agreement with the station only covered Shanghai but, as programmes sold into other provinces, both partners would expand.

Several potential advertisers had shown interest after the launch party celebrating the joint venture in Hong Kong last week. No advertising deals had yet been completed but Mr de Krassel said interested clients were from areas as diverse as baby food, tobacco and stereo equipment.

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